

**One** Name, **One** Aim, **One** Trust.



Annual Report 2009



# One Name

## OUR VISION

Lippo-Mapletree Indonesia Retail Trust (“LMIR Trust”) aims to be one of the premier retail REITs in Asia, creating and utilising scale whilst leading the way in innovation and quality. We aim to create long term value for stakeholders by providing access to high growth malls as well as strong economic and consumer growth.



## CONTENTS

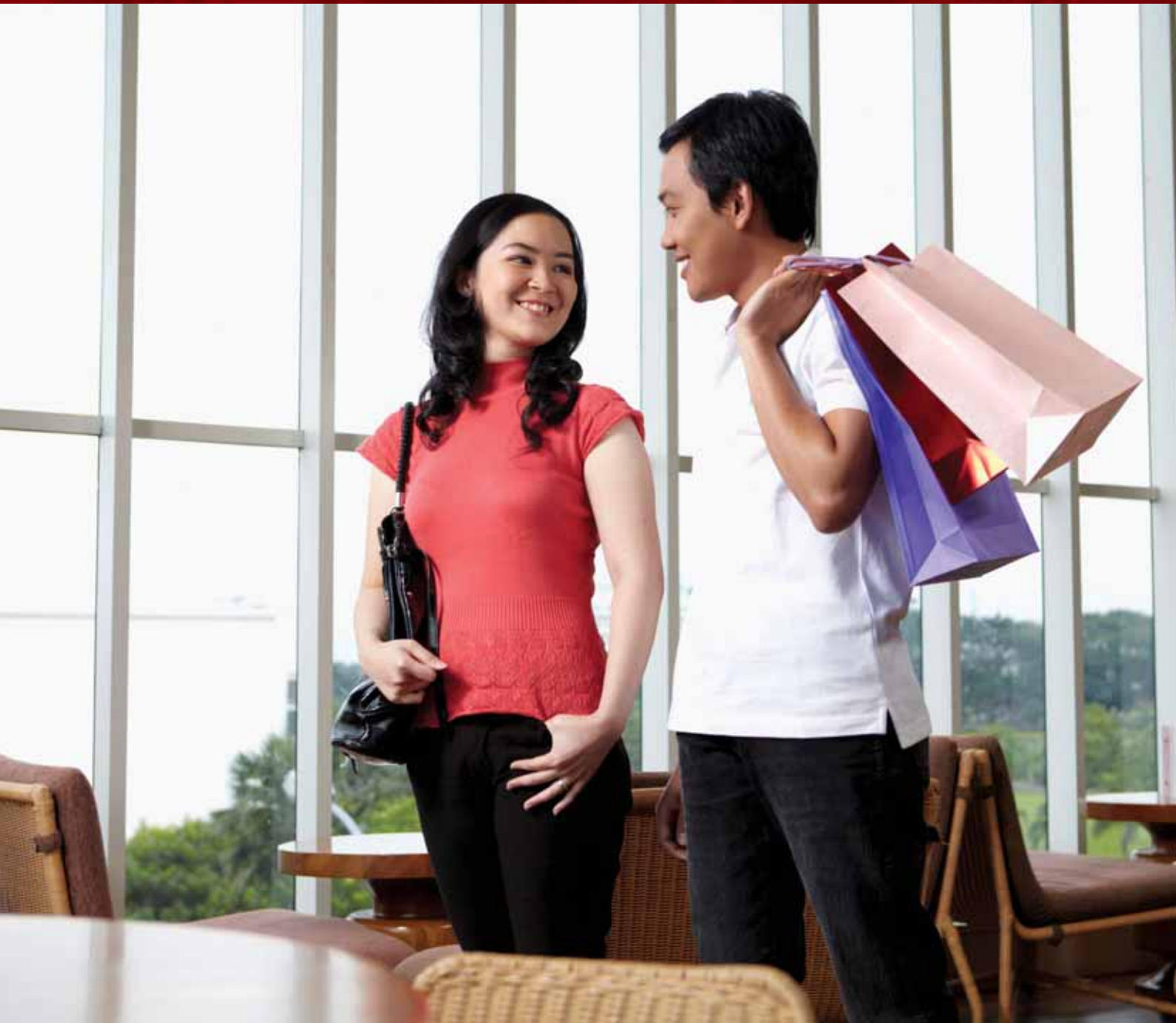
|    |                                    |     |                                           |
|----|------------------------------------|-----|-------------------------------------------|
|    | One Name – Our Vision              |     |                                           |
| 1  | One Aim – Our Mission              | 32  | Capital Management                        |
| 2  | One Trust – Our Profile            | 33  | Risk Management                           |
| 3  | About the Sponsor and the Manager  | 35  | Market Report                             |
| 6  | Trust Structure                    | 37  | Investor Relations                        |
| 7  | Letter to Unitholders              | 38  | Board of Directors                        |
| 10 | Group Financial Highlights         | 40  | Management Team                           |
| 12 | CEO's Report                       | 41  | Corporate Governance                      |
| 12 | – Indonesia Economic Review        | 48  | Trustee's Report and Financial Statements |
| 14 | – Asset Overview and Location Map  | 103 | Related Party Transactions                |
| 16 | – Portfolio Summary                | 104 | Unitholders Statistics                    |
| 18 | – Portfolio Review – Retail Malls  | 106 | Notice of Annual General Meeting          |
| 22 | – Portfolio Review – Retail Spaces | 109 | Glossary                                  |
| 24 | – Operations Review                |     | Proxy Form                                |
| 28 | – Financial Review                 |     | Corporate Directory                       |

# One Aim

## OUR MISSION

### We are committed to:

- delivering regular and stable distributions to Unitholders
- growing our portfolio by way of investments in retail and/or retail related assets
- enhancing returns from existing and future properties
- achieving long-term growth to provide Unitholders with capital appreciation on their investments



# One Trust

## OUR PROFILE

LMIR Trust, the first real estate investment trust ("REIT") listed on SGX-ST to provide exposure to Indonesia's growing retail property sector. LMIR Trust is focused on proactive asset management to maintain good occupancy and balanced property and tenant diversification across our retail malls.

LMIR Trust's portfolio comprises eight high-quality retail malls and seven retail spaces located within other malls with a combined net lettable area ("NLA") of 403,341 sqm<sup>1</sup> and valuation of S\$1.056 billion<sup>2</sup>. Strategically located within large urban middle-class population catchment areas such as in Greater Jakarta, Bandung and Medan. LMIR Trust's properties are everyday malls favoured by middle income to upper-middle income domestic consumers in Indonesia. Top tenants include well known international and domestic retailers and brand names, such as Matahari Department Store, Hypermart, Giant Hypermarket, Centro, Gramedia Bookstore, Ace Hardware, SOGO, Timezone and Studio 21 Cinema.

LMIR Trust's portfolio occupancy rate of 96.9%<sup>1</sup> remains significantly better than the industry average of 82.2%<sup>3</sup>. The portfolio is defensively placed with low, staggered lease expiries in the next few years to ensure a steady earnings base.

Going forward, LMIR Trust will focus on organic growth through proactive asset management to maintain its strong occupancy.

<sup>1</sup> As at 31 December 2009.

<sup>2</sup> Valuation from CB Richard Ellis Indonesia as at 31 December 2009.

<sup>3</sup> Industry average occupancy for leased malls from the Cushman & Wakefield Indonesia 4Q2009 Retail Report.





### **ABOUT THE SPONSOR AND THE MANAGER**

The Sponsor of LMIR Trust is PT Lippo Karawaci Tbk, Indonesia's largest listed property company and an internationally recognised corporation with a track record and dominant position within the property industry in Indonesia.

The Manager of LMIR Trust, Lippo-Mapletree Indonesia Retail Trust Management Ltd (the "Manager"), is incorporated in Singapore and 60% indirectly owned by the Sponsor and 40% owned by Mapletree Capital Management Pte Ltd, a wholly owned subsidiary of Mapletree Investments Pte Ltd ("Mapletree"). Mapletree is a leading Asia-focused real estate capital management company headquartered in Singapore. It owns and manages more than S\$12 billion of real estate assets comprising office, logistics, industrial, business park, and retail/lifestyle properties across Asia.



# One Focus

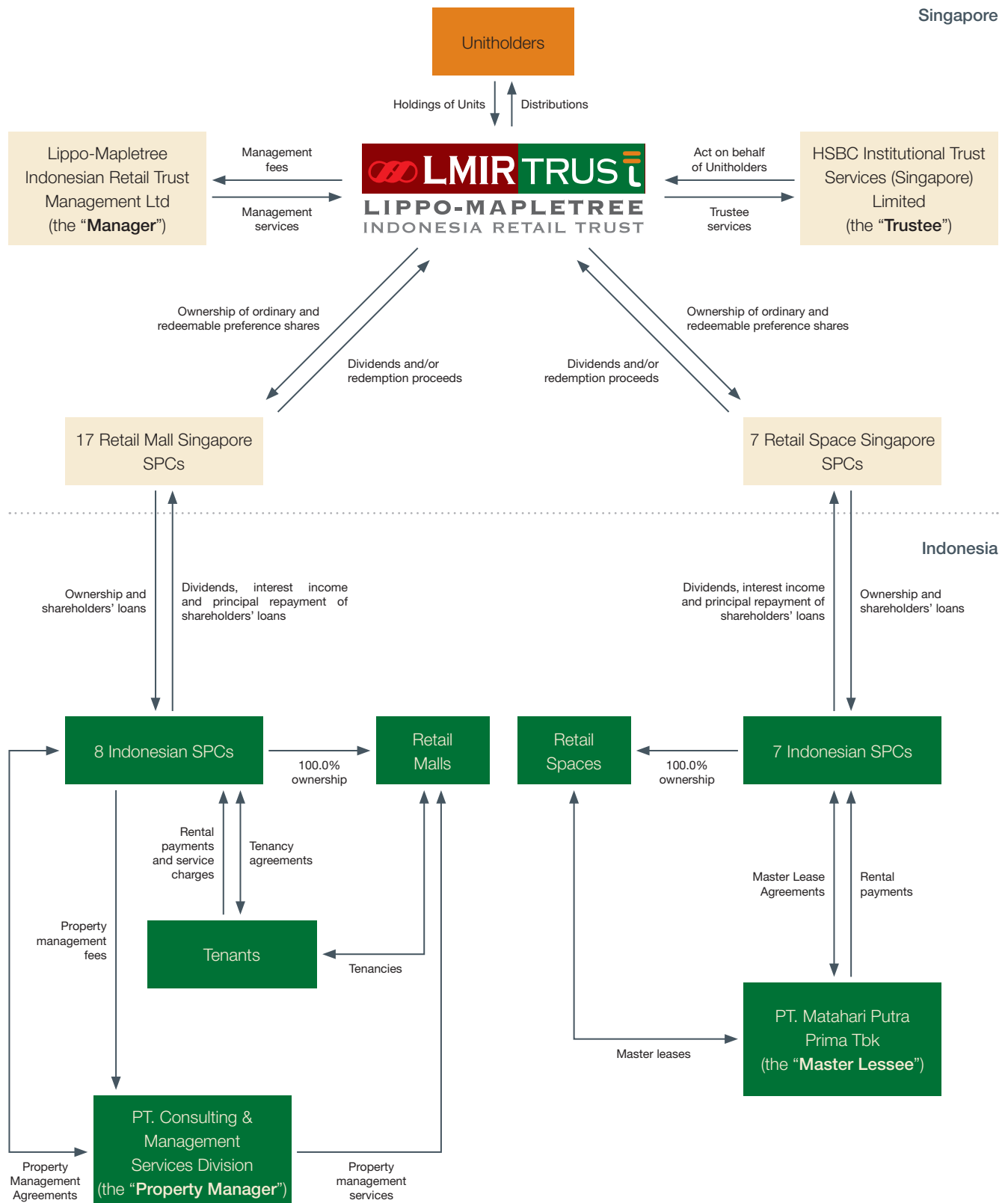
With a sound business model, a strong asset portfolio and a highly focused and competent management team, all our efforts are concentrated on giving optimum value to our stakeholders.





# Trust Structure

The following diagram illustrates the relationships between LMIR Trust, the Manager, the Trustee, the Master Lessee, the Singapore SPCs, the Indonesian SPCs, the Property Manager and the Unitholders.



## Letter to Unitholders

# One Name, One Aim, One Trust.

## LMIR TRUST'S VALUE PROPOSITION

“LMIR Trust's portfolio is well positioned to benefit from Indonesia's robust economic outlook and opportunities to further expand the portfolio.”

## Dear Unitholders

On behalf of the Board of Directors of Lippo-Mapletree Indonesia Retail Trust Management Ltd, manager of LMIR Trust, I am pleased to present my report for the Financial Year ended 31 December 2009 (“FY2009”).

### YEAR IN REVIEW

2009 was a tumultuous year in which the global economy began its recovery from an upheaval in 2008 that was almost unparalleled. The effects of the stimulus packages offered by governments around the world began to show as the global economy slowly pulled itself out from the aftermath of the downturn. Across Asia, China, India and Indonesia were the only three economies that enjoyed GDP growth throughout the downturn. In Indonesia the successful re-election of Susilo Bambang Yudhoyono as President gave confidence to investors of the country's political continuity and stability. The Indonesian economy was unaffected by the downturn largely due to continued resilient domestic demand. Amongst a challenging global environment, 22 of Indonesia's biggest listed companies reported double digit net profit growth in 2009, with the biggest winners being those concentrating on the domestic market sectors. This is one of the main reasons for the Jakarta Composite Index (“JCI”) being one of the world's best performing bourses in 2009. The strength of the domestic economy manifested itself in a much stronger Indonesian Rupiah (“IDR”), lower inflation, and lower interest rates. The IDR posted its biggest annual advance in seven years to end at IDR 9,395 against US\$1.00, up from IDR 10,900 at the start of the year – a 16% appreciation in value, inflation was at its lowest rate in a decade and interest rates fell to new lows.



**Mr Tan Bar Tien**  
Non-Executive Chairman

## Letter to Unitholders



Notwithstanding the resilient domestic economy, the retail property market in Indonesia was affected by the impact of the global crisis. International retailers became more cost conscious, reducing new investment and curbing expenditure on advertising and promotional activities. On the supply side, several new shopping centres were opened in 2009, increasing the cumulative supply of retail space in Jakarta to 3.4 million sqm, an increase of 10% over the year. The supply/demand position has resulted in rentals remaining relatively flat over the year and occupancy levels in the market have also remained steady.

Against this backdrop of a resilient macro economic picture and a benign retail property market, the LMIR Trust property portfolio was revalued upward by 10.5% in IDR terms. As at 31 December 2009, a revaluation of LMIR Trust's properties was carried out by CB Richard Ellis in Jakarta, which in IDR terms saw the portfolio increase in value from IDR 6.4 trillion to IDR 7.1 trillion. Given the appreciation in the IDR against the Singapore Dollar ("SGD") in 2009, the valuation gain in SGD was 27.2%.

Occupancy rates in LMIR Trust's portfolio remained fairly stable throughout the year, and at the end of the year the average occupancy rate of the portfolio increased to 96.9%, which remains well above the industry average rate of 82.2%<sup>1</sup>.

LMIR Trust's portfolio of suburban malls and retail spaces, strategically located in high population urban middle-class catchment areas in Greater Jakarta, Bandung and Medan, performed reasonably well in a challenging retail environment. Total revenue in FY2009 was S\$79.6 million,

14.2% below FY2008<sup>2</sup>, mainly due to lower casual leasing, carpark and miscellaneous income as the portfolio felt the impact of the global economic crisis in the form of retailers reducing the amount of expenditure on promotional activities. In addition, the average IDR/SGD rate adopted in the financial statements in FY2008<sup>2</sup> was 5.1% stronger than in FY2009. If the IDR had been at the same level as FY2008<sup>2</sup>, revenue in FY2009 would have been S\$4.3 million higher.

Property operating expenses were considerably lower due to lower property management fees and no provision required for doubtful debts in FY2009. Administrative expenses were also lower than FY2008<sup>2</sup> as there were no one-off expenses written off in FY2009. Although revenue was affected by changes in IDR during the year, the Trust has entered into foreign exchange forward contracts to mitigate its exposure to fluctuations of income denominated in IDR from (a) dividends received or receivable from the Singapore subsidiaries and (b) capital receipts from the redemption of redeemable preference shares by the Singapore subsidiaries. The benefit from fixing the forward foreign exchange rates was recorded in the other gains and losses line below net property income and for FY2009 this was S\$2.1 million compared to S\$0.7 million in FY2008<sup>2</sup>.

Due to the combined effects of the above, the available distributable income was S\$54 million for FY2009, which was 2.1% above FY2008<sup>2</sup>. This equates to a distribution per unit of 5.04 cents for FY2009, compared to 4.96 cents recorded in FY2008<sup>2</sup>.

<sup>1</sup> Industry Average Occupancy for leased malls from the Cushman & Wakefield 4Q2009 Retail Report.

<sup>2</sup> For comparative purposes FY2008 refers to the period from 1 January 2008 to 31 December 2008 which has been extracted from the financial statements for the period from inception of the Trust to 31 December 2008.

# Letter to Unitholders

## CAPITAL MANAGEMENT

LMIR Trust's capital structure remained unchanged in the year under review. As at 31 December 2009, LMIR Trust's gearing ratio remained at a conservative 10.5%, which is well below the permitted aggregate leverage limit of 35%. The S\$125 million debt facility with Deutsche Bank ("DB") was restructured during the year with the term loan duration reduced from 5 years to 4 years. As part of the restructuring, it was agreed to extend the deadline by which the Manager needed to obtain consents from certain Indonesian build, operate and transfer ("BOT") grantors in relation to the assignment of a number of BOT agreements as security for the benefit of the lender to 31 December 2009. I am pleased to advise that following further discussions, DB agreed to permanently waive the requirement to obtain these remaining consents.

Given the significant improvement recently seen in credit markets, it is expected that opportunities to tap new debt facilities and take advantage of additional gearing may become available at the same time that new acquisitions are considered. However we will continue to focus on prudent capital management strategy by conserving cash through tight controls over operating and capital expenditure

## ASSET ENHANCEMENT INITIATIVES ("AEIs")

We are pleased to report on further AEIs that have been completed in the year under review. Our AEIs have been designed to add value to our existing malls and increase shopper traffic to maximise their growth potential from Indonesia's expanding and prospering urban middle-class segment.

In 2009, a number of AEIs were undertaken and these are highlighted in more detail in the CEO's Report.

Going forward, we will continue to look for opportunities to add value to our portfolio through AEIs. In 2010 there are a number of projects currently being considered.

## PORTFOLIO WELL SITUATED

LMIR Trust's portfolio comprises retail malls and retail spaces located in Indonesia's major cities with large urban middle-class population catchment areas that are easily accessible via major transportation routes and highways. The portfolio features a well diversified tenant mix where no particular trade sector accounts for more than 23% of total Gross Revenue and no single property constitutes more than 17% of total net property income. The main shopper traffic at our retail malls and spaces continues to comprise

urban middle income to upper-middle income consumer segments, whilst our malls are deemed as "everyday malls" for daily essentials, food outlets and family entertainment. Accordingly the LMIR Trust's portfolio is well situated as this sector of the Indonesian retail property market has been the most resilient in the past year.

In August 2009, national department store RIMO ceased its operations in Gajah Mada Plaza and Istana Plaza. However, the vacant space was quickly filled by Matahari Department Store which began operations in December 2009.

## OUTLOOK

Additional supply in the Jakarta retail market in 2010 is not expected to be significant. Given the improving global economy and the steady state of the Indonesian retail property market, leasing activities are expected to pick up in 2010. However rental trends in Indonesia are expected to remain stable.

LMIR Trust's portfolio is defensively placed with low staggered lease expiries in the next few years to ensure a steady earnings base.

We will continue to focus on proactive asset management by maintaining good occupancy and a balanced property and tenant diversification across our retail malls and spaces for steady, defensive earnings. In addition, we are confident that given Indonesia's robust economic outlook, there will be opportunities to further expand LMIR Trust's portfolio.

## ACKNOWLEDGEMENTS

Once again we would like to thank our tenants, shoppers, business partners and employees for their continuous support. On behalf of the Board of Directors, I would also like to thank you, our Unitholders, for your continued belief and confidence in our business.



**Mr Tan Bar Tien**

Non-Executive Chairman

# Group Financial Highlights

## SUMMARY OF RESULTS

|                               | FY2008 <sup>1</sup><br>S\$'000 | FY2009<br>S\$'000 | Change %<br>Favourable/<br>(Unfavourable) |
|-------------------------------|--------------------------------|-------------------|-------------------------------------------|
| Gross Revenue                 | 92,794                         | 79,638            | (14%)                                     |
| Property Operating Expenses   | (12,807)                       | (4,529)           | 65%                                       |
| Net Property Income           | 79,987                         | 75,109            | (6%)                                      |
| Net Income Before Tax         | (23,591)                       | 69,065            | N.M.                                      |
| Distributable Income          | 52,903                         | 54,009            | 2%                                        |
| Distribution Per Unit (cents) | 4.96                           | 5.04              | 2%                                        |

<sup>1</sup> For comparative purposes FY2008 refers to the period from 1 January 2008 to 31 December 2008 which has been extracted from the financial statements for the period from inception of the Trust to 31 December 2008.

## BALANCE SHEET

|                         | 31 December<br>2008<br>S\$'000 | 31 December<br>2009<br>S\$'000 |
|-------------------------|--------------------------------|--------------------------------|
| Non current assets      | 882,438                        | 1,056,076                      |
| Current assets          | 125,317                        | 132,135                        |
| Total assets            | 1,007,755                      | 1,188,211                      |
| Current liabilities     | 22,185                         | 31,547                         |
| Non current liabilities | 217,408                        | 265,153                        |
| Net assets              | 768,162                        | 891,511                        |

## NET ASSET VALUE (NAV)

|                                                           | 31 December<br>2008<br>Cents | 31 December<br>2009<br>Cents |
|-----------------------------------------------------------|------------------------------|------------------------------|
| Including fair value changes on the investment properties | 72.06                        | 82.94                        |
| Excluding fair value changes on the investment properties | 67.29                        | 75.19                        |

## GEARING

# 10.5%

Gearing remained low as at 31 December 2009.

## INTEREST COVER RATIO

# 11.3 times

Refers to EBITDA (earnings before interest expense, tax, depreciation and amortisation before changes in fair value of investment properties and development properties) over interest expense for FY2009.

## TOTAL UNITS IN ISSUE

|                                                          | 31 December<br>2008 | 31 December<br>2009 |
|----------------------------------------------------------|---------------------|---------------------|
| Excluding management fee payable in units                | 1,065,959,234       | 1,074,848,703       |
| Including management fee payable in units after year end | 1,067,525,766       | 1,076,415,305       |

# Group Financial Highlights

## DEBT INFORMATION

|                            | 31 December<br>2008 | 31 December<br>2009 |
|----------------------------|---------------------|---------------------|
| Loan drawdown              | S\$125 million      | S\$125 million      |
| Tenure <sup>1</sup>        | 5 years             | 4 years             |
| Average cost of debt       | 6.4% p.a            | 7.7% p.a            |
| Gearing ratio <sup>2</sup> | 12.4%               | 10.5%               |

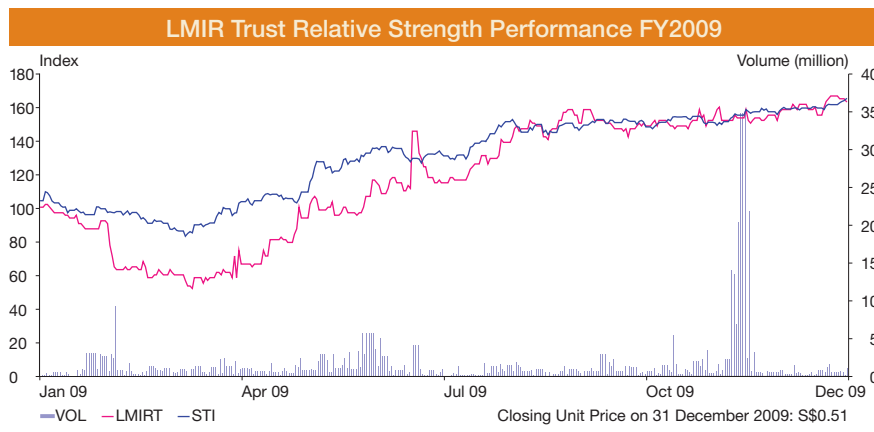
1 Loan tenure of the facility was reduced from 5 to 4 years on 29 May 2009.

2 Based on Deposited Property as defined in the Trust Deed.

## UNIT PERFORMANCE

|                                                | 2007    | 2008    | 2009    |
|------------------------------------------------|---------|---------|---------|
| Last Done Unit Price                           | S\$0.67 | S\$0.31 | S\$0.51 |
| Highest Unit Price                             | S\$0.74 | S\$0.72 | S\$0.51 |
| Lowest Unit Price                              | S\$0.64 | S\$0.19 | S\$0.16 |
| Market Capitalisation <sup>1</sup> (million)   | S\$711  | S\$330  | S\$548  |
| Traded Volume for the Financial Year (million) | 244     | 297     | 293     |

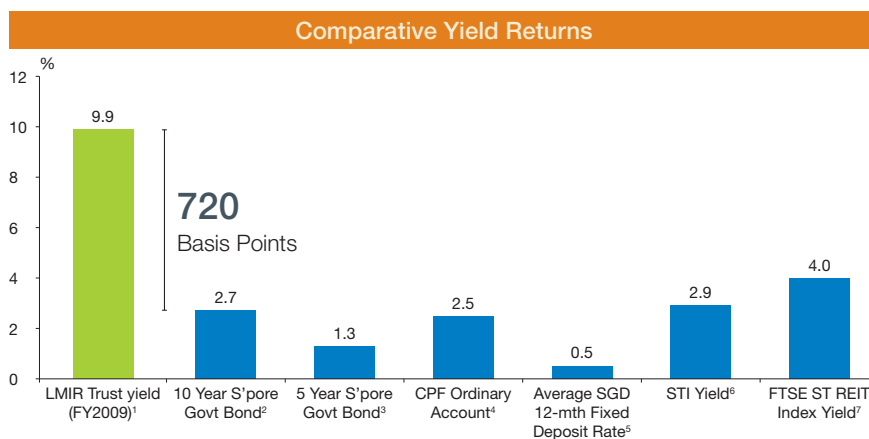
1 Based on 1,060 million units, 1,066 million units and 1,075 million units in issue as at 31 December 2007, 31 December 2008 and 31 December 2009 respectively.



Source: Bloomberg

LMIR Trust  
Unit Price Appreciation  
in FY2009

**62.9%**



LMIR Trust  
Distribution Yield

**9.9%**

Notes:

- Based on LMIR Trust closing price of 51 cents per unit as at 31 December 2009 and distribution of 5.04 cents per unit for FY2009
- Singapore Government 10-Year bond yield as at 31 December 2009
- Singapore Government 5-Year bond yield as at 31 December 2009
- Prevailing CPF-Ordinary Account savings rate (Source: CPF website)
- Based on 12-month SGD fixed deposit savings rate as at December 2009
- Based on 12-month gross dividend yield of Straits Times Real Estate Index as at 31 December 2009
- Based on 12-month gross dividend yield of stocks in the FTSE ST Real Estate Investment Trust Index as at 31 December 2009

## CEO's Report

“LMIR Trust's malls appeal as “everyday” one-stop destinations for both discretionary and non-discretionary consumer spending and will benefit from domestic consumption growth.”

### INDONESIAN KEY ECONOMIC INDICATORS

|                                                                            | 2007  | 2008  | 2009  |
|----------------------------------------------------------------------------|-------|-------|-------|
| Economic growth (% Y o Y)                                                  | 6.3   | 6.1   | 4.5   |
| Inflation rate (%)                                                         | 6.6   | 11.1  | 2.8   |
| Year-end exchange rate (IDR/SGD)                                           | 6,529 | 7,714 | 6,701 |
| Average exchange rate adopted in LMIR Trust financial statements (IDR/SGD) | N.A   | 6,797 | 7,163 |
| Interest Rate – Central Bank rate (%)                                      | 8.00  | 9.25  | 6.50  |
| Indonesian Government Bond rate (%)                                        | 8.39  | 11.27 | 6.77  |

Source: Central Statistics Bureau; Bank Indonesia; Ministry of Finance, December 2009

### INDONESIA ECONOMIC REVIEW

Indonesian economic growth barely slowed over the last 18 months, outperforming most developed economies including the export-oriented economies of Singapore, Malaysia and Thailand. This is largely due to Indonesia being less reliant on global trade and its manufacturing sector being mostly domestically focused.

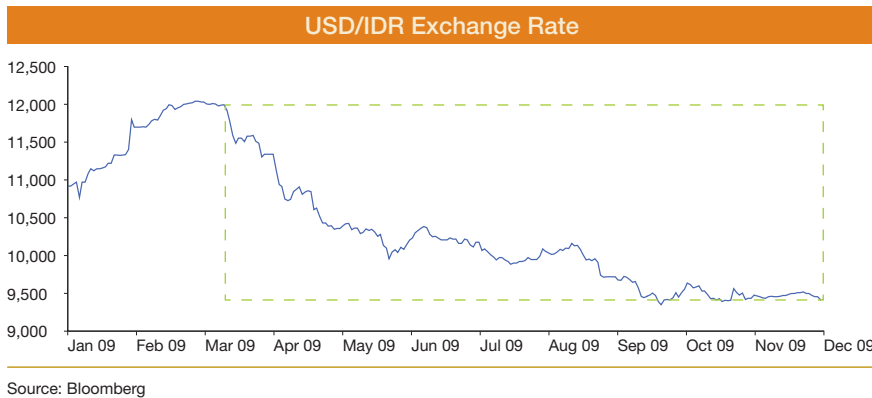
Indonesia's economy grew at the fastest pace in a year in 4Q2009 as lower interest rates and government stimulus measures spurred consumer spending. Southeast Asia's largest economy expanded 5.4% in the 4Q2009 from a year earlier after gaining 4.2% in the 3Q2009 and is on track to lead the region's recovery from the global economic crisis. Indonesia is expected to maintain its ranking as the third fastest-growing Asian economy after China and India owing to its robust domestic consumption and the fall in domestic interest rates.



**Ms Viven Gouw Sitiabudi**  
Chief Executive Officer

## CEO's Report

Growth in Indonesia's US\$514 billion (S\$720 billion) economy has been supported by rising consumer confidence. Economists say consumer spending is also benefitting from low inflation, which slowed to 2.78% year-on-year in December 2009, the lowest inflation rate in a decade while the IDR posted its biggest annual advance in seven years as the recovering global economy encouraged overseas investors to return to emerging-market assets.

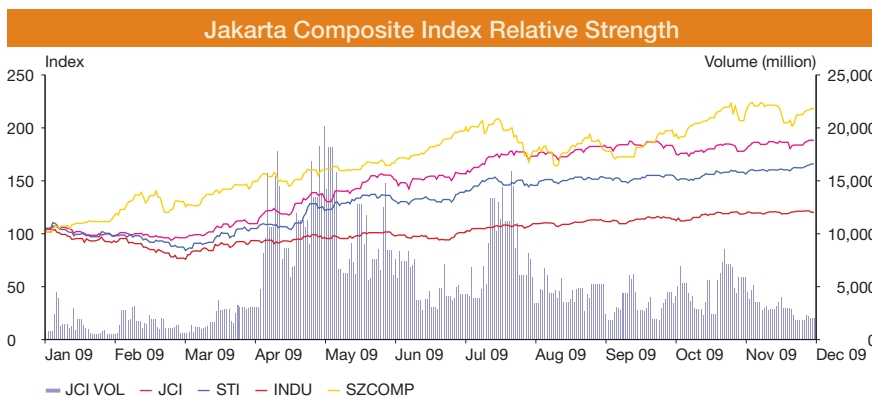


**27%**

Appreciation against USD  
since March 2009

Throughout 2009, the IDR maintained an appreciating trend in response to the onset of recovery in the global economy and improved risk appetite among global investors. The IDR generally held stable during December 2009 as reflected in reduced volatility, despite modest depreciation. General perceptions of investment risk in Indonesia remain comparatively favourable.

Investor's optimism that President Yudhoyono's second term, which began on 20 October 2009, will deliver on the country's potential helped the JCI climb 87% in 2009, its biggest annual gain since 1993. The JCI was the world's second best performing stock market in 2009.



**87%**

Growth for  
Jakarta Composite Index  
in 2009

According to a draft budget unveiled by Indonesian President Yudhoyono, Indonesia's economy is forecast to grow by 5% in 2010, while the budget deficit is predicted to be 1.6% of the gross domestic product (GDP), down from 2.5% in 2009. The budget deficit in 2010 is anticipated to be IDR 98 trillion (US\$9.9 billion), as the government plans to continue fiscal stimulus to help the economy recover. President Yudhoyono, has also pledged to double spending on roads, seaports and airports to US\$150 billion over the next five years, as part of his push to deliver annual economic growth of at least 6.6% by the end of 2014.

Going forward, economic momentum in Indonesia remains very robust, confidence is strong and firms are becoming more positive on their investment plans.

## CEO's Report

### ASSET OVERVIEW AND LOCATION MAP

“LMIR Trust will benefit from Indonesia's burgeoning economy and its growing middle-class.”

**245** million

In population

**60** Districts

With population of  
more than 1 million

**4.5%**

GDP growth in 2009

**US\$2,590**

GDP per capita

**6.6%**

Indonesian President's  
forecast of Annual GDP Growth  
in next 4 years

**4<sup>th</sup>**

Most populous nation  
in the world

**3.4** million sqm

Size of retail space  
in Jakarta

**8** Retail Malls

Worth S\$865.6 million

**7** Retail Spaces

Worth S\$190.5 million

# CEO's Report



# CEO's Report

## PORTFOLIO SUMMARY

| No            | Property                     | Acquisition Date | (\$ million)   |                             | (Rupiah million) |                             |  |
|---------------|------------------------------|------------------|----------------|-----------------------------|------------------|-----------------------------|--|
|               |                              |                  | Purchase Price | Valuation as at 31 Dec 2009 | Purchase Price   | Valuation as at 31 Dec 2009 |  |
| RETAIL MALLS  |                              |                  |                |                             |                  |                             |  |
| 1             | Gajah Mada Plaza             | 19 November 2007 | 77.9           | 99.9                        | 483,274          | 669,200                     |  |
| 2             | Cibubur Junction             | 19 November 2007 | 74.8           | 73.3                        | 464,172          | 491,100                     |  |
| 3             | Plaza Semanggi               | 19 November 2007 | 163.3          | 184.8                       | 1,013,753        | 1,238,500                   |  |
| 4             | Mal Lippo Cikarang           | 19 November 2007 | 59.2           | 66.2                        | 367,199          | 443,500                     |  |
| 5             | Ekalokasari Plaza            | 19 November 2007 | 53.7           | 51.3                        | 333,007          | 343,500                     |  |
| 6             | Bandung Indah Plaza          | 19 November 2007 | 98.5           | 118.8                       | 611,642          | 796,200                     |  |
| 7             | Istana Plaza                 | 19 November 2007 | 94.3           | 95.9                        | 585,258          | 642,800                     |  |
| 8             | Sun Plaza                    | 31 March 2008    | 144.8          | 175.4                       | 967,213          | 1,175,200                   |  |
| RETAIL SPACES |                              |                  |                |                             |                  |                             |  |
| 9             | Mall WTC Matahari Units      | 19 November 2007 | 20.8           | 25.3                        | 128,923          | 169,810                     |  |
| 10            | Metropolis Town Square Units | 19 November 2007 | 27.7           | 33.7                        | 171,797          | 226,120                     |  |
| 11            | Depok Town Square Units      | 19 November 2007 | 21.2           | 25.7                        | 131,445          | 172,410                     |  |
| 12            | Java Supermall Units         | 19 November 2007 | 21.4           | 26.3                        | 133,090          | 175,930                     |  |
| 13            | Malang Town Square Units     | 19 November 2007 | 21.1           | 26.4                        | 130,833          | 177,090                     |  |
| 14            | Plaza Madiun                 | 19 November 2007 | 27.6           | 28.9                        | 171,189          | 193,370                     |  |
| 15            | Grand Palladium Medan Units  | 19 November 2007 | 21.6           | 24.2                        | 133,957          | 162,160                     |  |
|               | TOTAL                        |                  | 927.9          | 1,056.0                     | 5,826,752        | 7,076,890                   |  |

## CEO's Report

|  | Gross Revenue<br>for the year<br>ended<br>31 Dec 2009<br>(\$ million) | % of Total<br>Gross<br>Revenue | Net<br>Lettable<br>Area<br>(sqm) | Tenure of Land                | Major Tenants/Lessees                          |
|--|-----------------------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------|------------------------------------------------|
|  | 6.4                                                                   | 8%                             | 35,173                           | Expires on 24 January 2020    | Hypermart, Matahari Department Store           |
|  | 7.4                                                                   | 9%                             | 34,212                           | 20 Years from 28 July 2005    | Hypermart, Matahari Department Store           |
|  | 13.2                                                                  | 17%                            | 64,279                           | 50 Years from 8 July 2004     | Centro Department Store, Giant Superstore      |
|  | 4.4                                                                   | 6%                             | 28,713                           | Expires on 5 May 2023         | Hypermart, Matahari Department Store           |
|  | 4.5                                                                   | 6%                             | 25,860                           | 25 Years from June 2007       | Matahari Department Store, Foodmart            |
|  | 10.6                                                                  | 13%                            | 30,203                           | 40 Years from December 1990   | Hypermart, Matahari Department Store           |
|  | 6.8                                                                   | 9%                             | 27,535                           | 32 Years from 17 January 2002 | Hero Supermarket, Matahari Department Store    |
|  | 12.9                                                                  | 16%                            | 63,296                           | Expires on 24 November 2032   | Sogo Department Store, Hypermart, Ace Hardware |
|  | 1.8                                                                   | 2%                             | 11,184                           | Expires on 8 April 2018       | PT. Matahari Putra Prima Tbk                   |
|  | 2.4                                                                   | 3%                             | 15,248                           | Expires on 27 December 2029   | PT. Matahari Putra Prima Tbk                   |
|  | 1.8                                                                   | 2%                             | 13,045                           | Expires on 27 February 2035   | PT. Matahari Putra Prima Tbk                   |
|  | 1.7                                                                   | 2%                             | 11,082                           | Expires on 24 September 2017  | PT. Matahari Putra Prima Tbk                   |
|  | 1.7                                                                   | 2%                             | 11,065                           | Expires on 21 April 2033      | PT. Matahari Putra Prima Tbk                   |
|  | 2.2                                                                   | 3%                             | 19,029                           | Expires on 10 February 2012   | PT. Matahari Putra Prima Tbk                   |
|  | 1.8                                                                   | 2%                             | 13,417                           | Expires on 9 November 2028    | PT. Matahari Putra Prima Tbk                   |
|  | <b>79.6</b>                                                           | <b>100%</b>                    | <b>403,341</b>                   |                               |                                                |

# CEO's Report

## PORTFOLIO REVIEW

LMIR Trust owns a diversified portfolio comprising eight Retail Malls with a total NLA of 309,271 sqm. Five of the Retail Malls are well-located in Jakarta, Bogor and Bekasi (Greater Jakarta), two in Bandung, the fourth most populous city in Indonesia, and one in Medan, Sumatra, the third most populous city in Indonesia after Jakarta and Surabaya. As at 31 December 2009, the Retail Malls had a weighted average occupancy of approximately 96.0%.

These properties are well complemented with both locally and internationally renowned "favourite" specialty brands such as Fitness First, Starbucks, J.CO Donuts, Bread Talk and leading domestic retailers Matahari Department Store and Cinema 21 to enhance their appeal as "everyday" one-stop destination malls for both discretionary and non-discretionary consumer spending.

## Retail Malls

### GAJAH MADA PLAZA

Prominently located in the heart of Jakarta Chinatown with a strong leisure and entertainment component.

|                   |                                                                    |
|-------------------|--------------------------------------------------------------------|
| Location          | Jalan Gajah Mada 19-26, Central Jakarta                            |
| Appraised Value   | S\$99.9 m                                                          |
| Gross Floor Area  | 66,160 sqm                                                         |
| Net Lettable Area | 35,173 sqm                                                         |
| Occupancy Rate    | 98.8%                                                              |
| No. of Tenants    | 194 tenants                                                        |
| Website           | <a href="http://www.gajahmadaplaza.com">www.gajahmadaplaza.com</a> |

#### OPERATIONAL HIGHLIGHTS

PT Rimo Catur Lestari Tbk – an anchor tenant terminated its lease prematurely in August 2009 but was replaced by Matahari Department Store which commenced operations in December 2009.

Occupancy in this mall remained strong at 98.8% and the Matahari Department Store has positively benefitted shopper traffic in the mall.



**S\$99.9 million**  
Appraised Value



**S\$66.2 million**  
Appraised Value

### MAL LIPPO CIKARANG

The main shopping centre in the Lippo Cikarang estate with limited competition within a 10-km radius.

|                   |                                                                        |
|-------------------|------------------------------------------------------------------------|
| Location          | Jalan MH Thamrin, Lippo Cikarang, Greater Jakarta                      |
| Appraised Value   | S\$66.2 m                                                              |
| Gross Floor Area  | 37,418 sqm                                                             |
| Net Lettable Area | 28,713 sqm                                                             |
| Occupancy Rate    | 86.9%                                                                  |
| No. of Tenants    | 110 tenants                                                            |
| Website           | <a href="http://www.mallippocikarang.com">www.mallippocikarang.com</a> |

#### OPERATIONAL HIGHLIGHTS

Hero Supermarket, an anchor tenant occupying 2,243 sqm of space, did not renew its lease when it expired in February 2009. The space has been under temporary leasing while sourcing for a suitable replacement tenant. The Property Manager has since secured a new tenant who is in the electrical appliance trade sector and has committed to take half of the space. The balance space is currently under offer to other prospective tenants. The shortfall in revenue has been minimal as a result of income from the temporary leasing.

## CEO's Report



**S\$73.3 million**  
Appraised Value

### CIBUBUR JUNCTION

Located in the middle of Cibubur, one of the most affluent and upmarket residential areas in Jakarta.

|                   |                                                                      |
|-------------------|----------------------------------------------------------------------|
| Location          | Jalan Jambore 1, Cibubur, East Jakarta                               |
| Appraised Value   | S\$73.3 m                                                            |
| Gross Floor Area  | 49,341 sqm                                                           |
| Net Lettable Area | 34,212 sqm                                                           |
| Occupancy Rate    | 98.3%                                                                |
| No. of Tenants    | 180 tenants                                                          |
| Website           | <a href="http://www.cibuburjunction.com">www.cibuburjunction.com</a> |

#### OPERATIONAL HIGHLIGHTS

An AEI was recently undertaken at the second level of Cibubur Junction. Reconfiguration was carried out to create 1,376 sqm of lettable space from the existing 1,035 sqm thus offering a single corridor layout. The reconfiguration cost was IDR1.8 billion but the annual rental was projected at IDR1.6 billion. 76% of the space is already occupied by tenants while the rest is under negotiation.

A small fire broke out at the generator room on 20 December 2009 which caused the circuitry system of the entire mall to break down. The property manager responded swiftly to restore the mall back to its normal operations and the mall was re-opened on 25 December 2009. No significant impact on the financial results of LMIR Trust is expected as a result of the fire.

### PLAZA SEMANGGI

Located in the heart of Jakarta's CBD within the city's Golden Triangle.

|                   |                                                                        |
|-------------------|------------------------------------------------------------------------|
| Location          | Jalan Jend Sudirman kav. 50, South Jakarta                             |
| Appraised Value   | S\$184.8 m                                                             |
| Gross Floor Area  | 91,232 sqm                                                             |
| Net Lettable Area | 64,279 sqm                                                             |
| Occupancy Rate    | 93.8%                                                                  |
| No. of Tenants    | 488 tenants                                                            |
| Website           | <a href="http://www.theplazasemanggi.com">www.theplazasemanggi.com</a> |

#### OPERATIONAL HIGHLIGHTS

Occupancy in Plaza Semanggi remained stable in FY2009. An AEI was recently undertaken to create 975 sqm of specialty space from space previously occupied by an anchor tenant who had downsized its tenancy area. The former rental rate was about IDR76,000 per sqm per month and the new rents are IDR104,000 per sqm per month. 62% of the space is occupied by tenants while the rest is under offer, although this area is under temporary leasing to PT Mitra Adi Perkasa.



**S\$184.8 million**  
Appraised Value

## CEO's Report



**S\$51.3 million**  
Appraised Value

### EKALOKASARI PLAZA

The retail mall of convenience and choice in Bogor.

|                   |                                                                                                      |
|-------------------|------------------------------------------------------------------------------------------------------|
| Location          | Jalan Siliwangi No 123, Bogor, West Java                                                             |
| Appraised Value   | S\$51.3 m                                                                                            |
| Gross Floor Area  | 39,895 sqm                                                                                           |
| Net Lettable Area | 25,860 sqm                                                                                           |
| Occupancy Rate    | 98.2%                                                                                                |
| No. of Tenants    | 154 tenants                                                                                          |
| Website           | <a href="http://www.yourlippomall.com/mall/ekalokasari/">www.yourlippomall.com/mall/ekalokasari/</a> |

#### OPERATIONAL HIGHLIGHTS

2,516 sqm of space in the mall has been vacant in FY2009 and this space was subject to a rental guarantee paid by the sponsor to LMIR Trust, therefore there has been no financial impact in FY2009. As disclosed in the Prospectus, the rental guarantees from the sponsor expired on 31 December 2009. 736 sqm of this vacant space has either been committed or is on temporary leasing and 1,780 sqm is currently under offer.

### BANDUNG INDAH PLAZA

Located in the heart of Bandung's CBD.

|                   |                                         |
|-------------------|-----------------------------------------|
| Location          | Jalan Merdeka No 56, Bandung, West Java |
| Appraised Value   | S\$118.8 m                              |
| Gross Floor Area  | 55,196 sqm                              |
| Net Lettable Area | 30,203 sqm;                             |
| Occupancy Rate    | 99.3%                                   |
| No. of Tenants    | 218 tenants                             |
| Website           | —                                       |

#### OPERATIONAL HIGHLIGHTS

IDR2.2 billion was invested to convert the former Yogya Supermarket that occupied 1,600 sqm into specialty units. Rentals were raised from IDR71,500 to IDR162,000 per sqm per month after the space was reconfigured. The return on investment for this AEI was above 40% after accounting for loss of rental income during construction. All of the new space is fully occupied.

Another AEI was undertaken at the ex-management office space together with 4 specialty units that were converted into 794 sqm of lettable space and leased to a fitness centre operator in October 2009. The rental secured was IDR80,000 per sqm per month for a term of 3 years. The annual rental income is IDR585 million.



**S\$118.8 million**  
Appraised Value

## CEO's Report

### ISTANA PLAZA

Located in the CBD of Bandung at the junction of two busy roads.

|                   |                                                 |
|-------------------|-------------------------------------------------|
| Location          | Jl. Pasir Kaliki No 121-123, Bandung, West Java |
| Appraised Value   | S\$95.9 m                                       |
| Gross Floor Area  | 37,434 sqm                                      |
| Net Lettable Area | 27,535 sqm                                      |
| Occupancy Rate    | 97.1%                                           |
| No. of Tenants    | 216 tenants                                     |
| Website           | www.istanaplaza.co.id                           |

#### OPERATIONAL HIGHLIGHTS

PT Rimo Catur Lestari Tbk – an anchor tenant, terminated its lease prematurely in August 2009 but was replaced by Matahari Department Store which commenced operations in December 2009.

The old ice skating rink was removed to make way for 684 sqm of retail space. The existing food court was also extended to house more operators and seating capacity. The new rentals were IDR215,000 per sqm per month compared to IDR61,000 per sqm per month for the old ice skating rink. 80% of the new space is already occupied.



**S\$95.9 million**  
Appraised Value



**S\$175.4 million**  
Appraised Value

### SUN PLAZA

The largest upmarket retail mall in Medan, Sumatra.

|                   |                                                  |
|-------------------|--------------------------------------------------|
| Location          | Jl Haji Zainul Arifin No 7, Medan, North Sumatra |
| Appraised Value   | S\$175.4 m                                       |
| Gross Floor Area  | 73,871 sqm                                       |
| Net Lettable Area | 63,296 sqm                                       |
| Occupancy Rate    | 96.5%                                            |
| No. of Tenants    | 475 tenants                                      |
| Website           | www.sunplaza-medan.com                           |

#### OPERATIONAL HIGHLIGHTS

Occupancy remains stable at 96.5% up slightly from 96.2% in 2008. With no AEs undertaken in 2009, the Property Manager has concentrated on upgrading the tenancy mix and facilities in the mall to achieve an improved merchandise mix for shoppers. New international, national and local brands to open stores in 2009 included Levi's, Gelare, Roti Boy, Verde, Teddy House, Bossini, Nokia and an authorized HP dealer. Re-fit out works have been undertaken by a number of tenants upon lease renewal, improving the quality and ambience of the mall. At the end of 2009 a new concept children's playground opened by utilizing the open void at the Lower Ground and Ground Floor levels which generated additional income. Traffic remains strong as a result of intensive marketing promotions, good tenancy mix and the modern ambience of the mall.

## CEO's Report

# Retail Spaces

The Retail Spaces occupy a total NLA of 94,070 sqm and are strategically located as anchor spaces within retail malls. Three of the seven Retail Spaces are located within Greater Jakarta and four are situated in the major cities of Semarang, Medan, Madiun and Malang.



### MALL WTC MATAHARI UNITS

Strategically located along one of the main roads in Tangerang.

|                     |                                                              |
|---------------------|--------------------------------------------------------------|
| Location            | Jalan Raya Serpong No 39, Tangerang, Greater Jakarta         |
| Appraised Value     | S\$25.3 m                                                    |
| Net Lettable Area   | 11,184 sqm                                                   |
| Current Utilisation | Hypermart, Matahari Department Store and Timezone            |
| Occupancy rate      | 100%                                                         |
| Website             | <a href="http://www.wtcmatahari.com">www.wtcmatahari.com</a> |

### METROPOLIS TOWN SQUARE UNITS

A one-stop shopping mall located along one of the main roads in Tangerang.

|                     |                                                                                |
|---------------------|--------------------------------------------------------------------------------|
| Location            | Jalan Hartono Raya, Tangerang, Greater Jakarta                                 |
| Appraised Value     | S\$33.7 m                                                                      |
| Net Lettable Area   | 15,248 sqm                                                                     |
| Current Utilisation | Hypermart, Matahari Department Store and Timezone                              |
| Occupancy rate      | 100%                                                                           |
| Website             | <a href="http://www.metropolistownsquare.com">www.metropolistownsquare.com</a> |



### DEPOK TOWN SQUARE UNITS

Depok Town Square is located adjacent to the University of Indonesia and has direct access to Pondok Cina railway station.

|                     |                                                                      |
|---------------------|----------------------------------------------------------------------|
| Location            | Jalan Margonda Raya No 1, Depok, Greater Jakarta                     |
| Appraised Value     | S\$25.7 m                                                            |
| Net Lettable Area   | 13,045 sqm                                                           |
| Current Utilisation | Hypermart, Matahari Department Store, Timezone                       |
| Occupancy rate      | 100%                                                                 |
| Website             | <a href="http://www.depoktownsquare.com">www.depoktownsquare.com</a> |

# CEO's Report

## JAVA SUPERMALL UNITS

Located in Semarang, capital of Central Java province and the fifth largest city in terms of population in Indonesia.

|                     |                                                     |
|---------------------|-----------------------------------------------------|
| Location            | Jalan MT Haryono No 992-994, Semarang, Central Java |
| Appraised Value     | S\$26.3 m                                           |
| Net Lettable Area   | 11,082 sqm                                          |
| Current Utilisation | Matahari Department Store and Foodmart supermarket  |
| Occupancy rate      | 100%                                                |
| Website             | –                                                   |



## MALANG TOWN SQUARE UNITS

Conceptualised as an international lifestyle mall, the biggest and most comprehensive mall in Malang.

|                     |                                                |
|---------------------|------------------------------------------------|
| Location            | Jalan Veteran No 2, Malang, East Java          |
| Appraised Value     | S\$26.4 m                                      |
| Net Lettable Area   | 11,065 sqm                                     |
| Current Utilisation | Hypermart, Matahari Department Store, Timezone |
| Occupancy rate      | 100%                                           |
| Website             | –                                              |

## PLAZA MADIUN

The biggest mall in Madiun, located on Pahlawan Street, a major road of the city.

|                     |                                                    |
|---------------------|----------------------------------------------------|
| Location            | Jalan Pahlawan No 38-40, Madiun, East Java         |
| Appraised Value     | S\$28.9 m                                          |
| Net Lettable Area   | 19,029 sqm                                         |
| Current Utilisation | Matahari Department Store and Foodmart supermarket |
| Occupancy rate      | 100%                                               |
| Website             | –                                                  |



## GRAND PALLADIUM MEDAN UNITS

Located within the Medan CBD and surrounded by government and business offices and the town hall.

|                     |                                                                          |
|---------------------|--------------------------------------------------------------------------|
| Location            | Jl. Kapt. Maulana Lubis, Medan, North Sumatra                            |
| Appraised Value     | S\$24.2 m                                                                |
| Net Lettable Area   | 13,417 sqm                                                               |
| Current Utilisation | Department store, hypermarket, entertainment and game centre             |
| Occupancy rate      | 100%                                                                     |
| Website             | <a href="http://www.thegrandpalladium.com">www.thegrandpalladium.com</a> |

## CEO's Report



### OPERATIONS REVIEW

#### PORTFOLIO LEASE EXPIRY PROFILE

LMIR Trust's portfolio has an average lease term for specialty tenants of between three to five years while the average lease term for anchor tenants is 10 years. Over 35% of the tenants have their leases expiring in Year 2015 & beyond. The weighted average lease term to expiry for the portfolio by gross rental income and NLA is 4.9 years and 5.8 years respectively.

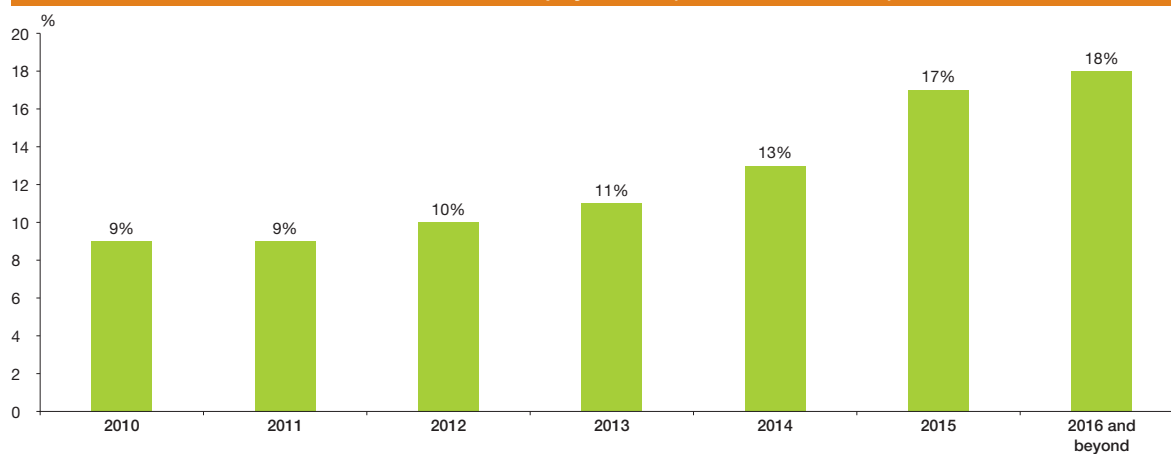
In August 2009, one of the anchor tenants in Gaja Madah Plaza ("GMP") and Istana Plaza ("IP") – PT Rimo Catur Lestari Tbk terminated its leases after encountering financial problems. The Property Manager considered available options and recommended Matahari Department Store ("MDS") as a replacement tenant for both spaces.

The Audit Committee ("AC") approved this transaction on terms which were negotiated at arm's length and at market rental rates.

The two new leases undertaken by MDS at GMP and IP were for 11 years and they occupy a total net lettable area of 9,030 sqm at both malls, the average lease expiry for the malls is therefore increased accordingly. Operations for these two outlets commenced in December 2009 and shopper traffic was observed to improve significantly throughout both malls.

The standard industry practice in the Indonesian Retail Market is for a large proportion of rent to be paid upfront. LMIR Trust's tenants generally pay 10% to 20% of total rent payable for their entire lease term in advance once they have executed the lease contracts. Such collections enable the Trust to mitigate potential risks arising from arrears and maintain a healthy cashflow.

LMIR Trust's Lease Expiry Profile (as % of Malls' NLA)



## CEO's Report



### WEIGHTED AVERAGE OCCUPANCY

As at 31 December 2009, the weighted average occupancy for LMIR Trust's portfolio is 96.9% as shown in the table below.

#### Occupancy Rates for LMIR Trust Malls

| No. | Malls                 | As at December 2008 (%) | As at December 2009 (%) |
|-----|-----------------------|-------------------------|-------------------------|
| 1   | Bandung Indah Plaza   | 97.9                    | 99.3                    |
| 2   | Cibubur Junction      | 96.7                    | 98.3                    |
| 3   | Ekalokasari Plaza     | 93.7                    | 98.2                    |
| 4   | Gajah Mada Plaza      | 96.1                    | 98.8                    |
| 5   | Istana Plaza          | 99.5                    | 97.1                    |
| 6   | Mal Lippo Cikarang    | 93.6                    | 86.9                    |
| 7   | The Plaza Semanggi    | 93.6                    | 93.8                    |
| 8   | Sun Plaza             | 96.2                    | 96.5                    |
| A   | <b>Mall Portfolio</b> | <b>95.7</b>             | <b>96.0</b>             |
| B   | <b>Retail Spaces</b>  | <b>100.0</b>            | <b>100.0</b>            |
| A+B | <b>Portfolio</b>      | <b>96.7</b>             | <b>96.9</b>             |

LMIR Trust's average occupancy is significantly higher than the industry average of 82.2% for leased malls as reported in Cushman & Wakefield's 4Q2009 Report for Indonesia's retail market.

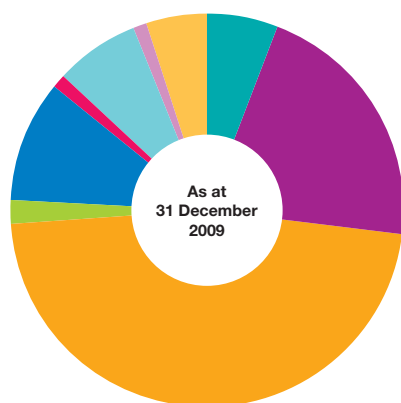
# CEO's Report

## PORTFOLIO INCOME & TRADE SECTOR ANALYSIS

LMIR Trust has a stable and well-balanced tenancy mix with no particular sector accounting for more than 23% of the total Gross Revenue ("GR"). The chart below illustrates the tenancy mix.

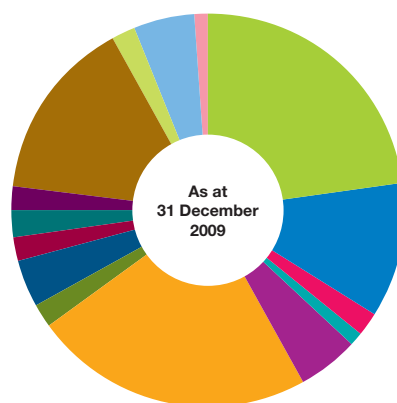
In terms of GR contribution analysis for malls, specialty stores make up 47% of GR while anchor tenants account for 21%.

Breakdown by Malls' Gross Revenue Contribution



|                     |     |
|---------------------|-----|
| Other Rental Income | 6%  |
| Anchor              | 21% |
| Specialty           | 47% |
| Foodcourt           | 2%  |
| Atrium Leasing      | 10% |
| Temporary Leasing   | 1%  |
| Parking             | 7%  |
| Promotion           | 1%  |
| Miscellaneous       | 5%  |

Gross Revenue Breakdown by Trade Sectors

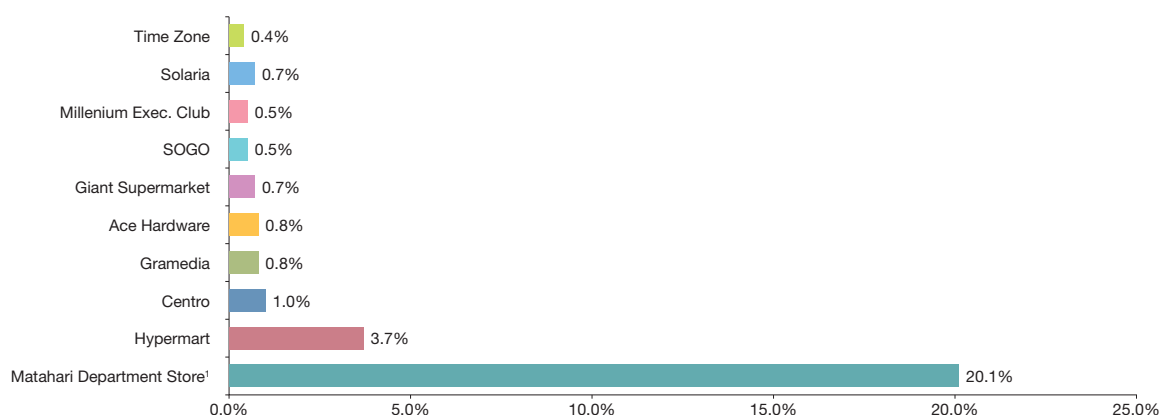


|                         |     |
|-------------------------|-----|
| Department Store        | 23% |
| Fashion                 | 11% |
| Books & Stationary      | 2%  |
| Hobbies                 | 1%  |
| Education/School        | 0%  |
| Supermarket/Hypermarket | 5%  |
| Casual & Others         | 23% |
| Sport & Fitness         | 2%  |
| Toys                    | 0%  |
| Leisure & Entertainment | 4%  |
| Electronics/IT          | 2%  |
| Gifts & Specialty       | 2%  |
| Jewelry                 | 2%  |
| F & B/Food Court        | 15% |
| Home Furnishing         | 2%  |
| Services                | 5%  |
| Optics                  | 1%  |

## TOP TEN TENANTS

Some of the top ten tenants of our portfolio include well-established brands such as Hypermart, Matahari Department Store, SOGO, Time Zone, Centro, Gramedia and Ace Hardware.

Top 10 Tenants



1 Matahari Department Store ("MDS") includes leases in both Retail Malls and Retail Spaces. Excluding the Retail Spaces, MDS share of Retail Mall portfolio gross income is 4.8%

# CEO's Report



## ASSET ENHANCEMENT INITIATIVES (AEIs)

In order to maintain the dynamism of a retail mall, regular tenancy re-mixing and asset enhancement initiatives are necessary. Not only does it enhance rental income for the landlord, AEIs increase foot traffic and provide a fresh outlook to shoppers. Overall, shopping experience is rejuvenated each time a change is introduced to the malls.

The various AEIs undertaken at the malls are discussed at the portfolio review section for the relevant malls.

## OPERATING COMPANIES

As outlined in the Prospectus, various Operating Companies ("OpCos") signed the relevant Operating Costs Agreements to unconditionally bear, for a period of 3 years from 1 January 2007, all costs directly relating to the operating and maintenance of LMIR Trust malls. In return, the OpCos reserved the rights to collect statutory income and service charge for the respective malls. Such agreements were applicable only to those retail malls acquired during the LMIR Trust IPO.

All the Operating Costs Agreements lapsed on 31 December 2009 and therefore, the OpCos are no longer part of the Trust Structure. From 1 January 2010, LMIR Trust bears all costs relating to the operations of the malls and collects statutory income and service charge directly from the tenants of the malls.

## PORTFOLIO MARKETING AND PROMOTION ACTIVITIES

The property manager plans a series of promotional events and thematic programs before the beginning of each new calendar year. Some of the programs undertaken in 2009 were as follow.

### Sale Now On

The "Sale Now On" promotion was a proven success in 2008 across LMIR Trust's malls and it was repeated in 2009 due to overwhelming demand from tenants and shoppers.

### Late Night Shopping and 24 Hour Shopping

During the Ramadan festive season, all of LMIR Trust's malls participated in the "Late Night Shopping" event to entice shoppers with last minute shopping. Free giveaways and celebrity appearances were made throughout the night. In addition, two of our malls – Plaza Semanggi and Bandung Indah Plaza extended their operations round the clock for a "24 Hour Shopping" event. That was the first time such an event has taken place in the Indonesian retail market. Response was excellent with shopper traffic hitting record levels.

### Other Thematic Events

Working in tandem with portfolio wide marketing efforts, each mall has also developed its own series of thematic events such as Valentine's day celebration, Chinese New Year, "Back to School", Christmas and Ramadan that helps to promote and market the branding of the malls. Many of these events also hosted popular local celebrities and local singers, complete with impressive live shows and interactive activities. These portfolio wide promotional and marketing programs are aimed to increase shopper traffic and drive the tenant's sales.

# CEO's Report

## FINANCIAL REVIEW

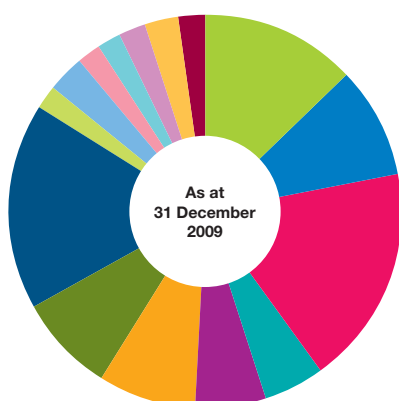
### GROSS REVENUE

Gross revenue for FY2009 was S\$79.6 million, which was S\$13.2 million or 14% below FY2008<sup>1</sup>. The decrease was mainly due to a reduction in casual leasing income as well as lower carpark income and miscellaneous income such as signage fees as retailers reduced the amount of expenditure on promotional activities. The decrease was also attributed to the average IDR/SGD rate adopted in FY2008<sup>1</sup> being 5.4% stronger than the average rate adopted in FY2009. The decrease in gross revenue was partially offset by a higher revenue contribution from Sun Plaza as the comparative FY2008<sup>1</sup> figures included only 9 months trading as the mall was acquired on 31 March 2008.

### NET PROPERTY INCOME

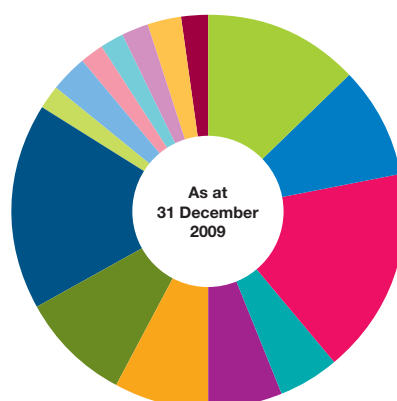
Net property income for FY2009 was S\$75.1 million, which was S\$4.9 million or 6% below FY2008<sup>1</sup>. This was mainly due to lower gross revenue, offset by lower operating expenses in FY2009. The decrease in operating expenses was mainly due to (1) allowance for doubtful receivables of S\$7 million made in FY2008<sup>1</sup> (No similar allowance was made in FY2009), (2) lower land rental of S\$0.5 million mainly arising from lower land rental payment for Plaza Semanggi, and (3) lower property management fee of S\$0.7 million arising from the lower gross rental and net property income.

#### Gross Revenue



|                              |     |
|------------------------------|-----|
| Bandung Indah Plaza          | 13% |
| Cibubur Junction             | 9%  |
| Plaza Semanggi               | 17% |
| Mal Lippo Cikarang           | 6%  |
| Ekalokasari Plaza            | 6%  |
| Gajah Mada Plaza             | 8%  |
| Istana Plaza                 | 9%  |
| Sun Plaza                    | 16% |
| Mall WTC Matahari Units      | 2%  |
| Metropolis Town Square Units | 3%  |
| Depok Town Square Units      | 2%  |
| Java Supermall Units         | 2%  |
| Malang Town Square Units     | 2%  |
| Plaza Madiun                 | 3%  |
| Grand Palladium Medan Units  | 2%  |

#### Net Property Income



|                              |     |
|------------------------------|-----|
| Bandung Indah Plaza          | 13% |
| Cibubur Junction             | 9%  |
| Plaza Semanggi               | 16% |
| Mal Lippo Cikarang           | 6%  |
| Ekalokasari Plaza            | 6%  |
| Gajah Mada Plaza             | 8%  |
| Istana Plaza                 | 9%  |
| Sun Plaza                    | 17% |
| Mall WTC Matahari Units      | 2%  |
| Metropolis Town Square Units | 3%  |
| Depok Town Square Units      | 2%  |
| Java Supermall Units         | 2%  |
| Malang Town Square Units     | 2%  |
| Plaza Madiun                 | 3%  |
| Grand Palladium Medan Units  | 2%  |

<sup>1</sup> For comparative purposes FY2008 refers to the period from 1 January 2008 to 31 December 2008 which has been extracted from the financial statements for the period from inception of the Trust to 31 December 2008.

# CEO's Report

## DISTRIBUTIONS

Distributable income for FY2009 was S\$54 million, which was S\$1.1 million, or 2% above FY2008<sup>1</sup>. This was mainly due to lower trust operating expenses, higher realised gain on foreign exchange forward contracts, lower income tax and withholding tax expense. The increase was partly offset by lower net property income and higher interest expense.

In FY2009, LMIR Trust made distributions of 5.04 cents per unit. This was 0.08 cents above FY2008<sup>1</sup> distributions of 4.96 cents.

## Distribution Per Unit

|             |                                    |
|-------------|------------------------------------|
| <b>1.16</b> | 1 October 2009 to 31 December 2009 |
| <b>1.22</b> | 1 July 2009 to 30 September 2009   |
| <b>1.30</b> | 1 April 2009 to 30 June 2009       |
| <b>1.36</b> | 1 January 2009 to 31 March 2009    |

## ASSETS

Total assets as at 31 December 2009 and 31 December 2008 for LMIR Trust were S\$1,188.2 million and S\$1,007.8 million respectively.

| Property                     | 2008 Valuation   |                  | 2009 Valuation   |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | IDR<br>(million) | SGD<br>(million) | IDR<br>(million) | SGD<br>(million) |
| Gajah Mada Plaza             | 612,100          | 79.3             | 669,200          | 99.9             |
| Cibubur Junction             | 468,300          | 60.7             | 491,100          | 73.3             |
| Plaza Semanggi               | 1,052,900        | 136.5            | 1,238,500        | 184.8            |
| Mal Lippo Cikarang           | 397,600          | 51.5             | 443,500          | 66.2             |
| Ekalokasari Plaza            | 289,200          | 37.5             | 343,500          | 51.3             |
| Bandung Indah Plaza          | 673,700          | 87.3             | 796,200          | 118.8            |
| Istana Plaza                 | 690,700          | 89.5             | 642,800          | 95.9             |
| Sun Plaza                    | 1,082,900        | 140.4            | 1,175,200        | 175.4            |
| Mall WTC Matahari Units      | 146,000          | 18.9             | 169,810          | 25.3             |
| Metropolis Town Square Units | 193,800          | 25.1             | 226,120          | 33.7             |
| Depok Town Square Units      | 148,900          | 19.3             | 172,410          | 25.7             |
| Java Supermall Units         | 151,600          | 19.7             | 175,930          | 26.3             |
| Malang Town Square Units     | 148,700          | 19.3             | 177,090          | 26.4             |
| Plaza Madiun                 | 194,900          | 25.3             | 193,370          | 28.9             |
| Grand Palladium Medan Units  | 151,400          | 19.6             | 162,160          | 24.2             |
|                              | <b>6,402,700</b> | <b>830.0</b>     | <b>7,076,890</b> | <b>1,056.0</b>   |

<sup>1</sup> For comparative purposes FY2008 refers to the period from 1 January 2008 to 31 December 2008 which has been extracted from the financial statements for the period from inception of the Trust to 31 December 2008.

# One Future

Our focus on Indonesia, one of Asia's best performing markets in 2009 will continue to present opportunities to create a bigger and more dynamic LMIR Trust.





# Capital Management

## A PRUDENT CAPITAL MANAGEMENT STRATEGY

The Manager pursues a prudent capital management strategy through adopting and maintaining an appropriate gearing level and using an active currency and interest rate management policy.

This strategy will:

- Optimise Unitholders' returns;
- Provide stable returns to Unitholders;
- Maintain flexibility for working capital requirements; and
- Retain flexibility in the funding of future acquisitions.

## Debt highlights as at 31 December 2009

|                                |               |
|--------------------------------|---------------|
| Total debt                     | \$125 million |
| Gearing ratio <sup>1</sup>     | 10.5%         |
| Fixed rate debt                | 100 %         |
| Weighted average interest rate | 7.7 %p.a      |

<sup>1</sup> Based on Deposited Property as defined in the Trust Deed

## 100% OF LOAN AT FIXED INTEREST RATE

In March 2008, LMIR Trust drew down a S\$125 million loan for the acquisition of the Sun Plaza property.

This loan was fully hedged by way of a 3 year interest rate swap at a fixed rate of 2.03%.

Fixing the interest rate helps to protect overall earnings from short term volatility in interest rates. The Manager will continue to work towards delivering stable and growing returns through sourcing attractively priced capital and adopting appropriate hedging strategies.

## LOW GEARING LEVEL PROVIDES STABILITY IN CURRENT TIGHT CREDIT MARKET

Under the Property Fund Guidelines, a REIT is permitted to borrow up to 35.0% of the value of its Deposited Property (or up to a maximum of 60.0% if a credit rating is obtained and disclosed to the public).

LMIR Trust's capital structure remained unchanged in the year under review. As at 31 December 2009, LMIR Trust's gearing ratio remained at a conservative 10.5%, which is well below the permitted aggregate leverage limit of 35%. No loan is repayable until 2012. The S\$125 million debt facility with Deutsche Bank ("DB") was restructured during the year with the term of the loan duration reduced from 5 years to 4 years. As part of the restructuring, it was agreed to extend the deadline by which the Manager needed to obtain consents from certain Indonesian BOT grantors in relation to the assignment of a number of BOT agreements as security for the benefit of the lender to 31 December 2009. Following further discussions, DB agreed to permanently waive the requirement to obtain these remaining consents.

Given the significant improvement recently seen in credit markets, it is expected that opportunities to tap new debt facilities and take advantage of additional gearing may become available at the same time that new acquisitions are considered. However we will continue to focus on a prudent capital management strategy by conserving cash through tight controls over operating and capital expenditure.

As credit markets continue to improve, it will soon be effective for LMIR Trust to utilise debt to fund new acquisitions.

# Risk Management

## RISK MANAGEMENT FRAMEWORK

The Manager has developed a comprehensive risk management framework that enables the Board and Audit Committee ("AC") to review the risks arising from LMIR Trust's portfolio of assets from quarter to quarter on a consistent and systematic basis.

The framework quantifies key property-related risks such as occupancy and rental rates, credit-related risks and financial market risks, including counter-party risks, foreign currency exposure and interest rate volatility. Tenant and industry concentration risks are also monitored as part of the risk framework.

The risk framework is supplemented by comprehensive and robust internal processes and procedures that are formalised in the Manager's Organisational and Reporting Structures, Standard Operating Procedures and Delegation of Authority guidelines. These cover significant strategic, operational and financial risks.

The overall risk framework is managed by the Manager who reports to the Board and AC on a quarterly basis.

The internal audit function of the Manager has been outsourced to a third party, KPMG LLP ("KPMG"). KPMG plans its internal audit work in consultation with management, but works independently by submitting its reports to the AC for review.

## RISK MANAGEMENT STRATEGY

Property, financial market, operational and strategic risks and other external factors such as regulatory changes, natural disasters and acts of terrorism occur in the normal course of business. The Manager's risk management strategy enables us to better manage these risks as they arise.

The Manager's risk management strategy is aligned with its overall business objectives which aim to balance risks and returns in order to optimise LMIR Trust's portfolio values and returns.

Some of the key risks faced and how these are being monitored and managed are detailed below:

## OPERATIONAL RISK

The Manager has an established risk management strategy across its day-to-day activities. These strategy includes planning and control systems, operational guidelines, information technology systems, reporting and monitoring procedures, involving the executive management committee and Board of Directors. The risk management system is regularly monitored and examined to ensure effectiveness.

The risk management framework is designed to ensure that operational risks are anticipated so that appropriate processes and procedures can be put in place to prevent, manage, and mitigate risks which may arise in the management and operation of LMIR Trust.

## INVESTMENT RISK

As LMIR Trust's growth will be driven by the acquisition of properties, the risk involved in such investment activities is managed through a rigorous set of investment criteria which includes accretion yield, growth potential and sustainability, location and specifications. The key financial projection assumptions and sensitivity analysis conducted on key variables are reviewed by the Board.

The potential risks associated with proposed projects and the issues that may prevent their smooth implementation or projected outcomes are identified at the evaluation stage. This enables us to determine actions that need to be taken to manage or mitigate risks as early as possible.

## INTEREST RATE RISK

With the current tight credit market, the Manager continues to adopt a proactive strategy to manage the risk associated with changes in interest rates on any future loan facilities while also seeking to ensure that LMIR Trust's ongoing cost of debt capital remains competitive. As at 31 December 2009, 100% of LMIR Trust's borrowings had been locked into fixed interest rates, through entering into an interest rate swap which fully hedges the exposure to interest rate risk.

# Risk Management

## FOREIGN EXCHANGE RISK

LMIR Trust will be subject to foreign exchange exposure due to changes in foreign exchange rates arising from foreign currency transactions and balances and changes in fair values from its investment in Indonesia. The value of the IDR has been subject to fluctuations in the past and may be subject to fluctuation in the future. The Manager has a policy to undertake foreign exchange hedging of the expected distributions of LMIR Trust to insulate against movements in exchange rates (whether favourable or unfavourable). The Trustee has entered into foreign exchange hedges equivalent to 100.0% of LMIR Trust's estimated distributions for a total term of five years, from Listing Date, and thereafter will hedge on a rolling basis so as to provide a degree of certainty to Unitholders that changes in the exchange rate between the IDR and the SGD will not have a significant impact on the distributions to Unitholders in Singapore. In the year under review, one of the cross currency swaps was restructured, increasing its maturity date from 15 November 2012 to 15 November 2013.

## CREDIT RISK

Credit risk is the potential earnings volatility caused by tenants' inability and/or unwillingness to fulfill their contractual lease obligations. To minimise the risk of tenant default on rental payments, the manager has put in place standard operating procedures. Other than the collection of security deposits and deferred income upfront, we also have a vigilant monitoring system and a set of procedures for debt collection.

## LIQUIDITY RISK

The Manager actively monitors LMIR Trust's cash flow position so as to ensure sufficient liquid reserves of cash and credit facilities to meet short term obligations. In addition, the Manager also observes and monitors compliance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore to govern limits on total borrowings.

Current cash balances are higher than other S-REITs due to the following factors:

- i. The standard operating procedure of upfront collection of security deposits (of up to 3 months rental, normally in cash) and deferred income (being 20% of the total rental payments over the entire lease period).
- ii. The structure set up at IPO to make loans to the Indonesian subsidiaries to facilitate dividend payments for profits trapped because of depreciation.

# Market Report

## JAKARTA RETAIL MARKET

Indonesia has enjoyed robust economic growth in recent times and this has had a positive spin-off for retail property. The domestic retail market has opened up to global players which has provided a boost to the development of retail shopping malls in Indonesia, initially in Jakarta but more recently in other cities such as Surabaya, Medan and Bandung. For instance, international brands such as Carrefour and SOGO have successfully established their presence in these locations. With the entry of these international players, Indonesian consumers have shown increased preference for shopping at modern retail malls and centers rather than at more traditional markets.

Bisnis Indonesia reported that Bagder Meter Inc ("BMI") projected Indonesia's retail sales for Year 2010 to be US\$42 billion and it was estimated to grow to US\$84 billion by Year 2014. The key factors attributed to such growth include Indonesia's robust economic growth, surge in income per capita and Indonesia being the world's fourth most populous nation. Hence, against the backdrop of a booming economic forecast, retail mall developers may either speed up their existing projects or introduce new supply into the market.

In the following sections, we address the supply and demand situation for spaces in Jakarta's retail sector in greater detail.

## SUPPLY

Jones Lang Lasalle ("JLL") reported in their 4Q 2009 market review that there were five retail projects completed in 2009 bringing the total retail space supply to 3.4 million sqm within Jakarta – an increase of 10% year-on-year. 67.1% (2.3 million sqm) of this total retail space is for lease while 32.9% (1.1 million sqm) is strata-title retail centers.

In 4Q 2009, new malls at Central Park at Podomoro City, Seasons City and Pusat Grosir Senen Jaya entered the market injecting another 100,000 sqm of lettable space. Cushman & Wakefield's ("C&W") 4Q09 report indicated that in 2010, the retail market is expected to grow as consumer spending picks up. Within the next 2 years, JLL reported that there could be around 14 proposed shopping mall projects with a total space of 650,000 sqm entering the leased-mall market. In the same period, the strata market is expected to have another 186,000 sqm from 4 development projects. The total retail space supply will exceed 4 million sqm should all these projects be completed in accordance to schedule.

## DEMAND & OCCUPANCY RATE

Demand in 2009 for retail space grew by 8.3% which lags slightly behind the supply growth of 10.3%. There was no significant improvement in Jakarta's retail market sentiment towards end of 2009. Most retailers were still cautious in their expansion plans and some even held back store openings due to slow sales.

According to JLL, 20,000 sqm of new retail space was absorbed during 4Q2009. Some of the international brands that commenced operations included Carrefour, Best Denki, Gramedia, MUJI and Metro Department Store. Most of these retailers opened their outlets in newly completed malls. In the strata retail market, net take-up during 4Q2009 was only 5,100 sqm.

C&W noted that the average occupancy rate for leased malls in Jakarta decreased by 2.4% from 2008's figure to 82.2% while the same for strata-titled centres decreased by 1.5% year-on-year to 63.2% by end FY2009. With the absorption of new retail space during 4Q2009, the overall occupancy rate for retail space increased by 0.9% to 75.9% by the end of FY2009.

With regard to the period from 2010 to 2011, JLL projected the occupancy level to remain around 80% due to the robust supply growth and retailers still being cautious about their expansion plans. C&W expects approximately 190,000 sqm of retail space to be absorbed in 2010. In the strata market, vacancy is expected to remain above 40% because such retail development is losing its popularity and is facing decline in demand.

# Market Report

## RENTAL GROWTH & SERVICE CHARGE

Both JLL & C&W observed that with increased market competition in the retail market, retail malls offered some incentives and flexibility for tenants. As a result, base rentals as at December 2009 were recorded at IDR587,300 per sqm per month for specialty units at premium locations on the ground floor. The rate is expected to remain stable in the next 12 months and modest improvement is expected in 2011. Elsewhere, the average rental rate in Jakarta dropped by 1.3% - from IDR417,867 per sqm per month in 2008 to IDR412,558 per sqm per month in 2009.

Service charges are expected to remain stable in 2010 as the maintenance cost for retail malls remain static. The average monthly service charge in Jakarta and Greater Jakarta is IDR74,100 per sqm. Analysts observed that any adjustment to the rate will be mainly due to increases in utility charges.

## OUTLOOK FOR 2010

The supply of new retail spaces will be dominated by mixed-use developments such as Grand Paragon, Epicentrum Walk and The Mansion. Gandaria Main Street is the only large scale one-stop retail centre to be completed in 2010.

Two strata-title retail centres namely Tanah Abang Blok B and Pusat Grosir Metro Tanah Abang (extension) are to be developed. CB Richard Ellis foresees continued competition to remain in the next 2 years as new development projects enter the market.

| SHOPPING MALLS (For Lease) |                                            | TRADE CENTRES (For Sale) |
|----------------------------|--------------------------------------------|--------------------------|
| 188,386                    | Completions as at December 2009<br>(sqm)   | 50,000                   |
| 1,997,501                  | Current Stock<br>(sqm)                     | 1,384,772                |
| 19,184                     | Quarterly Net Absorption<br>(sqm)          | 5,113                    |
| 432,649                    | Direct Vacancy<br>(sqm)                    | 550,676                  |
| 21.7                       | Vacancy<br>(%)                             | 39.8                     |
| 440,188                    | Gross Rent <sup>1</sup><br>(IDR/sqm/month) | NA                       |
| 549,700<br>(up to 2011)    | Proposed Stock<br>(sqm)                    | 136,250<br>(up to 2011)  |

<sup>1</sup> Effective gross rent (including service charge) for typical specialty store located in a prime area.

# Investor Relations

LMIR Trust Management Ltd remains committed to ensure that investors, analysts and other stakeholders have a good platform to access accurate and timely information about LMIR Trust.

Regular communications are conducted via telephone, publications on website, annual report, investor meetings and briefings as well as general meetings. On the 27 April 2010, LMIR Trust will be holding its inaugural Annual General Meeting which will give investors an opportunity to view a presentation from the Manager on LMIR Trust and vote on several items of business. The Manager also conducts analyst and media briefings from time to time so as to provide analysts with performance and strategic updates. Management have also been successful in pursuing more analyst coverage on LMIR Trust during FY2009.

LMIR Trust's website also provides an easy means of accessing the most updated information on LMIR Trust and the Manager in the form of investor relations packs comprising news releases, and presentation slides highlighting material information on its financial results, portfolio and asset performance, market updates and relevant property sector reports. There is also a registration service available for subscribers to receive the latest key updates on LMIR Trust via email alert services.

Adopting a proactive approach, the Manager will continue to strive to enhance its disclosure standards and actively generate awareness and promote interest in LMIR Trust through various open channel communications, including overseas seminars and road-shows.

## FINANCIAL CALENDAR

|                                            | 2009          | 2010<br>(Tentative) |
|--------------------------------------------|---------------|---------------------|
| First Quarter Results Announcement         | April 2009    | May 2010            |
| First Quarter Distribution to Unitholders  | May 2009      | May 2010            |
| Second Quarter Results Announcement        | August 2009   | July 2010           |
| Second Quarter Distribution to Unitholders | August 2009   | August 2010         |
| Third Quarter Results Announcement         | November 2009 | October 2010        |
| Third Quarter Distribution to Unitholders  | December 2009 | November 2010       |
| Full Year Results Announcement             | February 2010 | February 2011       |
| Final Distribution to Unitholders          | March 2010    | March 2011          |

## UNITHOLDER ENQUIRIES

For more information on Lippo-Mapletree Indonesia Retail Trust and its operations, please contact:

### Lippo-Mapletree Indonesia Retail Trust Management Ltd

78 Shenton Way  
#05-01  
Singapore 079120  
Tel : +65 6410 9138  
Fax : +65 6220 6557  
Email : [ir@lmir-trust.com](mailto:ir@lmir-trust.com)  
Website : [www.lmir-trust.com](http://www.lmir-trust.com)

### The Unitholder Registrar

Boardroom Corporate & Advisory Services Pte Ltd  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

### Unitholder Depository

For depository-related matters such as change of details pertaining to Unitholder's investment records, please contact:

The Central Depository (Pte) Ltd  
4 Shenton Way #02-01 SGX Centre 2  
Singapore 068807  
Website: [www.cdp.com.sg](http://www.cdp.com.sg)

## Board of Directors



From left to right: Mr Tan Boon Leong, Mr Yeo Cheow Tong, Mr Tan Bar Tien, Mr Lim Ho Seng, Ms Viven Gouw Sitiabudi, Mr Lok Vi Ming and Mr Wong Mun Hoong.

### MR TAN BAR TIEN

Chairman

Independent Non-Executive Director

Mr Tan Bar Tien is a lawyer with 32 years of practice and extensive experience in various aspects of law including corporate law, property law and litigation matters. Mr Tan has represented clients in transactions in relation to completed properties and properties under construction and is familiar with real estate matters such as property mortgages, sale and purchase of properties, construction loans and developer's projects, including the construction of properties on a progressive basis. Mr Tan graduated from the University of Singapore in 1976 with a degree in Bachelor of Laws (Honours), and was admitted as an Advocate and Solicitor of the High Court of Singapore in January 1977.

### MR LIM HO SENG

Independent Non-Executive Director

Mr Lim Ho Seng has over 20 years of experience in the retail industry and was formerly the Chief Executive Officer of NTUC Fairprice Cooperative Ltd, which has investments in real estate and leases retail spaces to other retail tenants. Mr Lim was previously a director of Tampines Mall Pte Ltd, which was subsequently acquired by CapitaMall Trust, and is currently the Chairman of Baker Technology Limited. He is a Fellow of the Institute of Certified Public Accountants of Singapore, the Institute of Certified Public Accountants, Australia, the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators, United Kingdom and the Singapore Institute of Directors.

## Board of Directors

### MR LOK VI MING

Independent Non-Executive Director

Mr Lok Vi Ming is a partner and head of the Aviation Practice Group at M/s Rodyk & Davidson. Appointed as a Senior Counsel in 2005, Mr Lok is an internationally renowned aviation lawyer who has been featured in Euromoney Legal Media's Guide and Guide to the World's Leading Insurance and Reinsurance lawyers and also in the International Who's Who of Aviation lawyers. Mr Lok is a Fellow of the Singapore Institute of Arbitrators and has been appointed to the Regional Panel of Arbitrators with the Singapore International Arbitration Centre. Mr Lok graduated with a Bachelor of Law (Honours) from the National University of Singapore in 1986.

### MS VIVEN GOUW SITIABUDI

Executive Director of the Board  
and Chief Executive Officer

Ms Viven Gouw Sitiabudi has more than 20 years of experience in management, marketing and sales and was the President Director of the Sponsor. Under her stewardship in the past three years, the Sponsor has become the largest listed property company in Indonesia by assets. She has been integral in identifying the opportunity for the Sponsor to invest in retail properties (the strata malls and the planned leased malls), enhancing existing assets and ensuring the delivery of the Sponsor's development projects, which span across a variety of real estate sectors, including urban/township, residential clusters, condominium, hospitals as well as hotel projects, throughout Indonesia. Ms Sitiabudi graduated from the University of New South Wales, Australia in 1977 with a degree in Computer Science and Statistics.

### MR YEO CHEOW TONG

Non-Executive Director

Mr Yeo Cheow Tong has been a prominent figure in the Singapore political landscape for over 25 years and had previously held different ministerial positions in the Singapore government, such as Minister of Transport, Minister of Health, Minister for Community Development, Minister for Trade and Industry and Minister for the Environment. He is currently a Member of Parliament for Hong Kah Group Representation Constituency and sits on the panel of advisers for Lippo Group and Raffles Education Corporation, and is a member of the Global Advisory Board the University of Chicago Booth School of Business. Mr Yeo graduated from the University of Western Australia in 1971 with a Bachelor's degree in Engineering.

### MR TAN BOON LEONG

Non-Executive Director

Mr Tan Boon Leong has 34 years of experience in the real estate industry and is currently the Chief Executive Officer (Singapore Investments) and Chief Operating Officer of Mapletree Investments Private Limited. He chairs the Asset Control Group for VivoCity, the largest retail mall in Singapore. He has also worked with the Inland Revenue Authority of Singapore (IRAS) where he was involved in the valuation of real estate in Singapore and held the appointments of Tax Director (Technical Services – Property) and Head of Property and Valuation Services. He is currently a member of the Valuation Review Board of Singapore. Mr Tan was a Colombo Plan scholar and studied urban valuation (real estate) at the University of Auckland, New Zealand.

### MR WONG MUN HOONG

Non-Executive Director

Mr Wong Mun Hoong is the Chief Financial Officer of Mapletree Investments Pte Ltd since 2006. As the Chief Financial Officer, he is responsible for Finance & Tax, Treasury, Private Funds & Investor Relations, Risk Management and Information Technology of the Mapletree Group. He is also a director of Mapletree Logistics Trust Management Ltd. Prior to joining Mapletree, Mr Wong has over 14 years' investment banking experience in Asia, the last 10 years of which were with Merrill Lynch & Co, which included stints in Singapore, Hong Kong and Tokyo, and where he was a Director and Head of its Singapore Investment Banking Division. Mr Wong graduated with a Bachelor of Accountancy (Honours) from the National University of Singapore in 1990. He is a non-practising member of the Institute of Certified Public Accountants of Singapore. He holds the professional designation of Chartered Financial Analyst from the CFA Institute of the United States.

# Management Team

## MS VIVEN GOUW SITIABUDI

Executive Director of the Board  
and Chief Executive Officer

Ms Viven Gouw Sitiabudi is responsible for the overall management and planning of the strategic direction of LMIR Trust, as well as overseeing its day-to-day operations as Chief Executive Officer. Please refer to Board of Directors section for further details of Ms Viven Gouw Sitiabudi's profile.

## MR SHANE HAGAN

Chief Financial Officer, Investor Relations Manager  
and Compliance Officer

Mr Shane Hagan has over 15 years experience with Stock Exchange listed real estate entities. This has included positions with 2 companies listed on the New Zealand Stock Exchange, and in the last 6 years he has been involved in the development of Real Estate Investment Trusts in Singapore. From 2003 to 2007, he was the Chief Financial Officer of Ascendas-MGM Funds Management Ltd where he was responsible for the full spectrum of financial functions, including the financial, reporting, budgeting, treasury and funding matters of SGX Listed Ascendas – REIT. Mr Hagan is a certified chartered accountant and has been a member of the Institute of Chartered Accountants of New Zealand since 1991. He graduated in 1988 from Victoria University, New Zealand, with a Bachelor of Commerce and Administration majoring in Accounting & Finance. In addition he holds a Diploma from the New Zealand Stock Exchange.

## MS RITA YOVITA SANTOSA

Asset Manager

Ms Rita Yovita Santosa has more than 10 years of experience in the real estate industry covering the area of property management and maintenance; marketing and lease management; property development and special project management; and asset enhancement programs, negotiations and acquisitions. She previously held appointments as the General Manager of Lippo Karawaci-Asset Enhancement Division and Special Project Specialist of Lippo Bank-Asset Management Group. She holds an International Council of Shopping Centers Certificate from University of Shopping Centers and attended the Indonesia Shopping Centers Seminar & Congress at the Association of Indonesia Shopping Centers.

## MR ALAN WONG PENG HOW

Investment Manager

Mr Alan Wong Peng How has 12 years experience in business development and 8 years in the real estate sector, spanning areas such as property development, investment & asset management. Mr Wong previously held various positions as an Acquisitions Manager and Investment Manager with AIMS AMP Capital Industrial REIT & Mapletree Investments Pte Ltd ("MIPL") respectively. At MIR, he was responsible for the completion of several property acquisitions in Singapore worth S\$42 million and managing the day-to-day operations of its industrial property portfolio. Previously at MIPL, Mr Wong also worked on several development projects in India, Philippines and China. Prior to 2007, Mr Wong was with a local government-linked company and handled business development duties for an industrial park/township developer. As such, he has gained extensive experience in the developing economies within Asia. Mr Wong also holds a recognised property management & maintenance certificate from the Real Estate & Construction Centre (RECC) in addition to a Bachelor of Business Administration from A & M University, Texas.

## MR WONG HAN SIANG

Finance Manager

Mr Wong Han Siang heads the Finance team and is responsible for the overall financial operations of LMIR Trust. Mr Wong has more than 12 years of accounting and auditing experience. Prior to joining the Manager, he was an Audit Manager with PricewaterhouseCoopers Singapore where he was responsible for handling audit engagements in various local-listed companies and multinational companies. Mr Wong is a non-practicing member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Association of Chartered Certified Accountants (United Kingdom).

# Corporate Governance

Lippo-Mapletree Indonesia Retail Trust Management Ltd, (the “Manager”) of Lippo-Mapletree Indonesia Retail Trust (“LMIR Trust”) is committed to good corporate governance as it believes that such self-regulation is essential to protect the interests of the Unitholders, as well as critical to the performance of the Manager.

The Manager uses the Code of Corporate Governance (the “Code”) as its benchmark for its corporate governance policies and practices. The following segments describe the Manager’s main corporate governance policies and practices.

## THE MANAGER OF LMIR TRUST

The Manager has general power of management over the assets of LMIR Trust.

The Manager’s main responsibility is to manage LMIR Trust’s assets and liabilities for the benefit of Unitholders. The Manager’s key financial objectives are to provide Unitholders with a competitive rate of return on their investment by ensuring regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value of LMIR Trust.

The primary role of the Manager is to set the strategic direction of LMIR Trust and to give recommendations to HSBC Institutional Trust Services (Singapore) Limited, as trustee of LMIR Trust (the “Trustee”), on the acquisition, divestment and enhancement of assets of LMIR Trust in accordance with its stated investment strategy.

Other main functions and responsibilities of the Manager include:

- Using its best endeavors to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or on behalf of, LMIR Trust at arm’s length.
- Preparing property plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover and any other relevant assumptions. The purpose of these plans is to explain the performance of LMIR Trust’s assets.
- Ensuring compliance with the applicable provision of the Securities and Futures Act, Cap. 289 of Singapore, and all other relevant legislation, the Listing Manual issued by SGX-ST, the Code on Collective Investment Schemes issued by Monetary Authority of Singapore (“MAS”), including the Property Funds Guidelines, the Trust Deed, the tax ruling issued by Inland Revenue Authority of Singapore and all relevant contracts.
- Attending to all regular communications with Unitholders.

LMIR Trust, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. The Manager appoints experienced and well-qualified management to handle the day-to-day operations of the Manager. All directors and employees of the Manager are remunerated by the Manager, and not LMIR Trust.

## BOARD OF DIRECTORS OF THE MANAGER

### Role of the Board

The Board of Directors of the Manager (the “Board”) is entrusted with the responsibility of overall management and corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the strategic business direction and risk management of LMIR trust. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of Directors’ performance. As the Manager itself is not a listed entity, the Manager does not consider it necessary for the Board to establish a nominating committee.

The Board meets to review the Manager’s key activities. Board meetings are held once every quarter (or more often if necessary) to discuss and review the strategies and policies of LMIR Trust, including any significant acquisitions and disposals, the annual budget, the financial performance of LMIR Trust against previously approved budget, and to approve the release of the quarterly, half year and full year results. The Board also reviews the risks to the assets of LMIR Trust, and acts upon any comments from the auditors of LMIR Trust. Where necessary, additional Board meetings will be held to address significant transactions or issues. The Articles of Association (the “Articles”) of the Manager provide for Board meetings to be held by way of telephone conference and/or videoconference.

## Corporate Governance (Cont'd)

The Board is supported by the Audit Committee that provides independent supervision of management. The Board has adopted a set of internal controls, which sets out approval limits on capital expenditure, investments and divestments and bank borrowings as well as arrangements in relation to cheque signatories. The Board believes that the internal controls system adopted is adequate and appropriate delegations of authority have been provided to the management to facilitate operational efficiency.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important impact on LMIR Trust or have an important bearing on the Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving relevant professionals. Management also provides the Board with complete and adequate information on a timely manner through regular updates on financial results, market trends and business developments. Newly appointed directors are briefed by management on the business activities of LMIR Trust and its strategic directions.

Eight Board meetings were held during FY2009.

### Board Composition and Balance

The Board presently consists of seven Directors, of whom three are Non-Executive Independent Directors. The Chairman of the Board is Mr Tan Bar Tien. The Chief Executive Officer is Ms Viven Gouw Sitiabudi. The other members of the Board are Mr Lim Ho Seng, Mr Lok Vi Ming, Mr Yeo Cheow Tong, Mr Tan Boon Leong and Mr Wong Mun Hoong.

The Board comprises business leaders and professionals with fund management, property, banking and finance backgrounds. The Board considers the present Board size appropriate for the nature and scope of LMIR Trust's operations. The profiles of the Directors are set out on pages 38 and 39 of this Annual Report.

The composition of the Board is determined using the following principles:

- The Chairman of the Board should be a non-executive Director;
- The Board should comprise Directors with a broad range of commercial experience, including expertise in funds management and the property industry;
- At least one-third of the Board should comprise of Independent Directors; and
- The composition of the Board is reviewed regularly to ensure that the Board has the appropriate size and mix of expertise and experience.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons. The Chairman, Mr Tan Bar Tien is an Independent Director while the Chief Executive Officer, Ms Viven Gouw Sitiabudi is an Executive Director. This is so as to maintain an effective oversight and clear segregation of responsibilities.

The Chairman is responsible for the overall management of the Board as well as ensuring that members of the Board work together with management in a constructive manner to address strategies, business operations and enterprise issues. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions concerning the management of LMIR Trust. The Chief Executive Officer works closely with the Board to implement the policies set by the Board to realise the Manager's vision.

The majority of the Directors are non-executive and independent of management. This enables management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It also enables the Board to work with management through robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles between the Chairman and Chief Executive Officer, provides a healthy professional relationship between the Board and management, with clarity of roles and robust oversight as they deliberate on business activities of the Manager.

The Board has separate and independent access to senior management and the company secretary at all times. The company secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate.

## Corporate Governance (Cont'd)

### AUDIT COMMITTEE

The Audit Committee is appointed by the Board from among the Directors and is composed of three members, all of whom (including the Chairman of the Audit Committee) are Independent Directors.

Presently, the Audit Committee consists of the following:

|                           |                                 |
|---------------------------|---------------------------------|
| Mr Lim Ho Seng (Chairman) | (Non-executive and Independent) |
| Mr Tan Bar Tien           | (Non-executive and Independent) |
| Mr Lok Vi Ming            | (Non-executive and Independent) |

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nominations of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit Committee's responsibilities also include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Property Funds Guidelines relating to "interested party transactions" (as defined therein) (both such types of transactions constituting "Related Party Transactions");
- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management;
- reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit function is adequately resourced and has appropriate standing with LMIR trust;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Guidelines;
- nominating external auditors of the Trust;
- reviewing the nature and extent of non-audit services performed by the external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with external and internal auditors without presence of the Executive Officers at least on an annual basis;
- examining the effectiveness of financial, operating and compliance controls;
- reviewing the financial statements and the internal audit report;
- investigating any matters within the Audit Committee's terms of reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

The Audit Committee has full access to and co-operation from management and enjoys full discretion to invite any director and executive officer of the Manager to attend its meetings. The Audit Committee has full access to reasonable resources to enable it to discharge its functions properly.

## Corporate Governance (Cont'd)

The Board of Directors has accepted the Audit Committee's recommendation to outsource the Manager's Internal Audit functions. The Audit Committee had also conducted a review of all non-audit services provided by the external auditors and is satisfied that the extent of such services will not prejudice the independence and objectivity of the external auditors. No non-audit fees were paid to the external auditors during the financial year under review. The re-appointment of the external auditors will be subject to approval by way of an ordinary resolution of Unitholders at LMIR Trust's inaugural Annual General Meeting, to be held on 27 April 2010.

Four Audit Committee meetings were held during the financial year 2009. The attendance at the Audit Committee meetings held is set out in page 47.

### INTERNAL AUDIT

The Manager has put in place a system of internal controls of procedures and processes to safeguard LMIR Trust's assets, Unitholders' interests as well as to manage risk.

The internal audit function of the Manager is out-sourced to KPMG LLP. The internal auditors report directly to the Audit Committee. The Audit Committee is of the view that the internal auditor has adequate resources to perform its functions.

### DEALINGS IN LMIR TRUST UNITS

The Board has adopted an internal compliance code of conduct to provide guidance to its officers dealing in LMIR Trust's units ("Units"). Directors are required to give notice to the Manager of their acquisition of units or changes in the number of units they hold or in which they have an interest, within two business days after such acquisition or occurrence.

In general, the Manager's policy encourages directors and employees of the Manager to hold Units but prohibits them from dealing in such Units:

1. during the period commencing one month before the public announcement of LMIR Trust's annual results and (where applicable) property valuations and two weeks before the public announcement of LMIR Trust's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and
2. at any time whilst in possession of price sensitive information.

The Directors and employees of the Manager have been directed to refrain from dealing in Units on short-term considerations. The Directors and employees of the Manager are also prohibited from communicating price sensitive information to any person.

In addition, the Manager has given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto within two business days after the date on which it acquires or disposes of any Units, as the case may be. The Manager has also undertaken that it will not deal in the Units during the period commencing one month before the public announcement of LMIR Trust's annual results and (where applicable) property valuations and two weeks before the public announcement of LMIR Trust's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations.

### MANAGEMENT OF BUSINESS RISK

Effective risk management is a fundamental part of LMIR Trust's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value. LMIR Trust operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved. Responsibility of managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

The Board meets quarterly or more often, if necessary and reviews the financial performance of the Manager and LMIR Trust against a previously approved budget. The Board will also review the business risks of LMIR Trust, examine liability management and will act upon any comments from the auditors of LMIR Trust. In assessing business risk, the Board considers the economic environment and risk relevant to the property industry. The Board reviews management reports and feasibility studies on individual development projects prior to approving major transactions. Management meets regularly to review the operations of the Manager and LMIR Trust and discuss any disclosure issues.

## Corporate Governance (Cont'd)

### DEALING WITH CONFLICT OF INTEREST

The Manager has instituted the following procedures to deal with potential conflicts of interest issues, which the Manager may encounter, in managing LMIR Trust:

- The Manager will not manage any other REIT which invests in the same type of properties as LMIR Trust;
- All executive officers will be employed by the Manager;
- All resolutions in writing of the Directors in relation to matters concerning LMIR Trust must be approved by a majority of the Directors, including at least one Independent Director;
- At least one-third of the Board shall comprise Independent Directors; and
- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/their interest will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude the nominee Directors of the Sponsor and/or its subsidiaries.
- In respect of matters in which the Mapletree Investments Pte Ltd and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Mapletree Investments Pte Ltd and/or its subsidiaries to the Board to represent its/their interest will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude the nominee Directors of Mapletree Investments Pte Ltd and/or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of LMIR Trust with a related party of the Manager, the Manager shall be obliged to consult a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of LMIR Trust with a related party of the Manager and the Trustee may take any action it deems necessary to protect the right of Unitholders and/or which is in the interest of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

### WHISTLE BLOWING POLICY

The Audit Committee has put in place procedures to provide employees of the Manager with well defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to LMIR Trust or the Manager, and for the independent investigation of any reports by employees and appropriate follow up action. The aim of the whistle blowing policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly, and to the extent possible, be protected from reprisal.

## Corporate Governance (Cont'd)

### RELATED PARTY TRANSACTIONS

In general, the Manager has established procedures to ensure that all Related Party Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of LMIR Trust and the Unitholders. As a general rule, the Manager must demonstrate to its Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Guidelines).

In addition, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S\$100,000.00 in value but below 3.0% of the value of LMIR Trust's net tangible assets will be subject to review by the Audit Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5% of the value of LMIR Trust's net tangible assets will be subject to review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of LMIR Trust's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transactions from independent sources or advisers, including obtaining valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Guidelines, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

In practice, the Audit Committee generally adopts a more stringent threshold when dealing with Related Party Transactions.

Where matters concerning LMIR Trust relate to transactions entered into or to be entered into by the Trustee (as trustee of LMIR Trust) with a related party of the Manager or LMIR Trust, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on arm's length basis and on normal commercial terms, are not prejudicial to the interests of LMIR Trust and the Unitholders, and are in accordance with all applicable requirements of the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question. Further, the Trustee (as trustee of LMIR Trust) has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or LMIR Trust. If the Trustee (as trustee of LMIR Trust) is to sign any contract with a related party of the Manager or LMIR Trust, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Guidelines (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

### Role of the Audit Committee for Related Party Transactions

All Related Party Transactions will be subjected to regular periodic reviews by the Audit Committee. The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on arm's length basis and on normal commercial terms and are not prejudicial to the interest of Unitholders.

The Manager will maintain a register to record all Related Party Transactions (and the bases, including any quotations from unrelated third parties and independent valuations obtained to support such bases, on which they are entered into) which are entered into by LMIR Trust. The Manager will incorporate into its internal audit plan a review of all Related Party Transactions entered into by LMIR Trust. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Guidelines have been complied with. The Audit Committee will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Guidelines and/or the Listing Manual. The review will include the examination of the nature of the transactions and its supporting documents or such other data deemed necessary by the Audit Committee.

## Corporate Governance (Cont'd)

If a member of the Audit Committee has an interest in a transaction, he is required to abstain from participating in the review and approval process in relation to that transaction.

The Manager discloses in LMIR Trust's annual report the aggregate value of Related Party Transactions entered into during the relevant financial year.

### COMMUNICATION WITH UNITHOLDERS

The Listing Manual of the SGX-ST requires that a listed entity disclose to the market matters that would be likely to have a material effect on the price of the entity's securities. The Manager strives to uphold a strong culture of timely disclosure and transparent communication with LMIR Trust Unitholders and the investing community.

The Manager's disclosure policy requires timely and full disclosure of all material information relating to LMIR Trust by way of public releases or announcements through the SGX-ST via SGXNET at first instance and then including the release on LMIR Trust's website at [www.lmir-trust.com](http://www.lmir-trust.com)

Unitholders are entitled to attend and vote at meetings of Unitholders and will be given the opportunity to raise questions and seek clarity on any resolutions.

### BOARD COMPOSITION AND AUDIT COMMITTEE

The Manager believes that contributions from each Director can be reflected in ways other than the reporting of attendances at Board and Audit Committee meetings. A Director of the Manager would have been appointed on the principles outlined earlier in this statement, and his ability to contribute to the proper guidance of the Manager in its management of LMIR Trust.

The matrix of the Board members and Audit Committee members attendance at meetings held in the year 2009 is as follows:

| Name of Directors/Audit Committee Members | Board Meetings                  | Audit Committee Meetings        |
|-------------------------------------------|---------------------------------|---------------------------------|
|                                           | Attendance/No. of meetings held | Attendance/No. of meetings held |
| Mr Tan Bar Tien                           | 8/8                             | 4/4                             |
| Mr Lim Ho Seng                            | 8/8                             | 4/4                             |
| Mr Lok Vi Ming                            | 6/8                             | 4/4                             |
| Ms Viven Gouw Sitiabudi                   | 8/8                             | N.A                             |
| Mr Yeo Cheow Tong                         | 6/8                             | N.A                             |
| Mr Tan Boon Leong                         | 8/8                             | N.A                             |
| Mr Wong Mun Hoong                         | 8/8                             | N.A                             |

# Trustee's Report and Financial Statements

## CONTENTS

|    |                                             |
|----|---------------------------------------------|
| 49 | Trustee's Report                            |
| 50 | Statement by the Manager                    |
| 51 | Independent Auditors' Report                |
| 52 | Statements of Total Return                  |
| 53 | Statements of Distribution                  |
| 54 | Statements of Financial Position            |
| 55 | Statements of Changes in Unitholders' Funds |
| 56 | Statement of Portfolio                      |
| 60 | Consolidated Statement of Cash Flows        |
| 61 | Notes to the Financial Statements           |

## Trustee's Report

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Lippo-Mapletree Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of the units in the Trust (the "Units"). In accordance with, inter alia, the Securities and Futures Act, Cap. 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Lippo-Mapletree Indonesia Retail Trust Management Ltd (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 8 August 2007 (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the period covered by these financial statements, set out on pages 52 to 102 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,  
HSBC Institutional Trust Services (Singapore) Limited

**Johannes Van Verre**  
Director

Singapore  
18 March 2010

## Statement by the Manager

In the opinion of the directors of Lippo-Mapletree Indonesia Retail Trust Management Ltd, the accompanying financial statements of Lippo-Mapletree Indonesia Retail Trust (the “Trust”) and its subsidiaries (the “Group”) set out on pages 52 to 102 comprising the statements of total return, statements of distribution, statements of financial position, statements of changes in unitholders’ funds of the Group and Trust, statement of portfolio, and consolidated statement of cash flows of the Group and summary of significant accounting policies and other explanatory notes, are drawn up so as to present truly and fairly, the financial position of the Group and of the Trust and portfolio of the Group as at 31 December 2009, the statements of total return, statements of distribution and statements of changes in unitholders’ funds of the Group and Trust and consolidated statement of cash flows of the Group for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore, the provisions of the Trust Deed and Singapore Financial Reporting Standards. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,  
Lippo-Mapletree Indonesia Retail Trust Management Ltd

**Viven G. Sitiabudi**  
Director

Singapore  
18 March 2010

# Independent Auditors' Report

To the Unitholders of Lippo-Mapletree Indonesia Retail Trust

We have audited the accompanying financial statements of Lippo-Mapletree Indonesia Retail Trust (the "Trust") and its subsidiaries (the "Group"), as set out on pages 52 to 102 which comprise the statements of financial position of the Group and of the Trust and statement of portfolio of the Group as at 31 December 2009, the statements of total return, statements of distribution, statements of changes in unitholders' funds of the Group and the Trust, and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## MANAGERS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Lippo-Mapletree Indonesia Retail Trust Management Ltd (the "Manager") of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Trust Deed, Singapore Financial Reporting Standards and the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statements of total return and statements of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

## INDEPENDENT AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Trust Deed, Singapore Financial Reporting Standards and the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" so as to give a true and fair view of the state of affairs of the Group and of the Trust as at 31 December 2009, and the returns, changes in unitholders' funds and cash flows of the Group and the Trust for the year ended on that date.

## RSM Chio Lim LLP

Public Accountants and Certified Public Accountants  
Singapore

18 March 2010

Partner in charge of audit: Paul Lee Seng Meng  
Effective from year ended 31 December 2008

# Statements of Total Return

Year Ended 31 December 2009

|                                                                           | Notes | Group        |              | Trust       |            |
|---------------------------------------------------------------------------|-------|--------------|--------------|-------------|------------|
|                                                                           |       | Period from  |              | Period from |            |
|                                                                           |       | 2009         | 31/12/2008   | 2009        | 31/12/2008 |
|                                                                           |       | \$'000       | \$'000       | \$'000      | \$'000     |
| <b>Gross Revenue</b>                                                      | 4     | 79,638       | 101,761      | 49,512      | 56,853     |
| Property Operating Expenses                                               | 5     | (4,529)      | (13,464)     | –           | –          |
| <b>Net Property Income</b>                                                |       | 75,109       | 88,297       | 49,512      | 56,853     |
| Interest Income                                                           |       | 2,313        | 1,980        | –           | –          |
| Other Credits                                                             | 6     | 629          | 471          | –           | –          |
| Manager's Management Fees                                                 | 7     | (5,686)      | (6,988)      | (5,686)     | (6,988)    |
| Trustee Fees                                                              |       | (219)        | (287)        | (219)       | (287)      |
| Finance Costs                                                             | 8     | (8,817)      | (6,448)      | (8,693)     | (6,448)    |
| Other Expenses                                                            | 9     | (664)        | (3,932)      | (649)       | (3,916)    |
| <b>Net Income before the Undernoted</b>                                   |       | 62,665       | 73,093       | 34,265      | 39,214     |
| Increase in Fair Values of Investment Properties                          | 14    | 98,766       | 72,814       | –           | –          |
| Reversal (Impairment Loss) on Investments<br>in Subsidiaries              | 15    | –            | –            | 112,144     | (113,702)  |
| Realised Gain on Derivative Financial Instruments                         |       | 1,910        | 4,463        | 1,910       | 4,463      |
| (Decrease) Increase in Fair Values of Derivative<br>Financial Instruments | 26    | (93,966)     | 62,384       | (93,966)    | 62,384     |
| Realised Foreign Exchange Adjustment<br>Gains (Losses)                    |       | 165          | (3,792)      | 176         | (3,791)    |
| Unrealised Foreign Exchange Adjustment Losses                             |       | (475)        | (956)        | –           | (201)      |
| <b>Total Return (Loss) for the Year</b>                                   |       | 69,065       | 208,006      | 54,529      | (11,633)   |
| Income Tax Expense                                                        | 10    | (29,259)     | (39,877)     | –           | –          |
| <b>Total Return (Loss) for the Year, Net of Tax</b>                       |       | 39,806       | 168,129      | 54,529      | (11,633)   |
| <b>Other Comprehensive Return (Loss):</b>                                 |       |              |              |             |            |
| Exchange Differences on Translating Foreign<br>Operations, Net of Tax     |       | 125,627      | (160,108)    | –           | –          |
| <b>Total Comprehensive Return (Loss)</b>                                  |       | 165,433      | 8,021        | 54,529      | (11,633)   |
|                                                                           |       | <b>Cents</b> | <b>Cents</b> |             |            |
| <b>Earnings Per Unit in Cents</b>                                         |       |              |              |             |            |
| Basic and Diluted Earnings per Unit                                       | 11    | 3.73         | 15.83        |             |            |
| Adjusted Notional Basic and Diluted (Losses)<br>Earnings per Unit         | 11    | (4.08)       | 11.04        |             |            |

# Statements of Distribution

Year Ended 31 December 2009

|                                                                                                                                                         | Group         |                                          | Trust         |                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------------------------------|---------------|------------------------------------------|
|                                                                                                                                                         | 2009          | Period from<br>8/8/2007 to<br>31/12/2008 | 2009          | Period from<br>8/8/2007 to<br>31/12/2008 |
|                                                                                                                                                         | \$'000        | \$'000                                   | \$'000        | \$'000                                   |
| <b>Total Return (Loss) for the Year after Income Tax</b>                                                                                                | 39,806        | 168,129                                  | 54,529        | (11,633)                                 |
| Less: Net Adjustments (Note A below)                                                                                                                    | 14,203        | (108,637)                                | (520)         | 71,125                                   |
| <b>Total Distribution to Unitholders</b>                                                                                                                | <b>54,009</b> | <b>59,492</b>                            | <b>54,009</b> | <b>59,492</b>                            |
| <b>Distributions Made to Unitholders:</b>                                                                                                               |               |                                          |               |                                          |
| Distribution of 1.36 cents (2008: 2.20 cents) per unit<br>for the period from 1 January 2009 to 31 March 2009<br>(2008: 8 August 2007 to 31 March 2008) | 14,552        | 23,336                                   | 14,552        | 23,336                                   |
| Distribution of 1.30 cents (2008: 1.50 cents) per unit<br>for the period from 1 April to 30 June                                                        | 13,933        | 15,924                                   | 13,933        | 15,924                                   |
| Distribution of 1.22 cents (2008: 1.60 cents) per unit<br>for the period from 1 July to 30 September                                                    | 13,083        | 17,006                                   | 13,083        | 17,006                                   |
| <b>Total Interim Distribution Paid in the Year Ended<br/>31 December</b>                                                                                | <b>41,568</b> | <b>56,266</b>                            | <b>41,568</b> | <b>56,266</b>                            |
| Total Return Available for Distribution to Unitholders<br>for the Quarter Ended 31 December Paid After<br>Year End (See Notes 12 and 32)                | 12,441        | 3,226                                    | 12,441        | 3,226                                    |
|                                                                                                                                                         | <b>54,009</b> | <b>59,492</b>                            | <b>54,009</b> | <b>59,492</b>                            |
| <b>Unitholders' Distribution:</b>                                                                                                                       |               |                                          |               |                                          |
| – As Distribution from Operations                                                                                                                       | 36,394        | 42,418                                   | 36,394        | 42,418                                   |
| – As Distribution of Unitholders' Capital Contribution                                                                                                  | 17,615        | 17,074                                   | 17,615        | 17,074                                   |
|                                                                                                                                                         | <b>54,009</b> | <b>59,492</b>                            | <b>54,009</b> | <b>59,492</b>                            |

## Note A

Net Adjustments:

|                                                                                             |               |                  |              |               |
|---------------------------------------------------------------------------------------------|---------------|------------------|--------------|---------------|
| Increase in Fair Values of Investment Properties,<br>Net of Deferred Tax                    | (83,338)      | (50,836)         | –            | –             |
| Manager's Management Fees Settled in Units                                                  | 3,005         | 3,532            | 3,005        | 3,532         |
| Depreciation of Plant and Equipment                                                         | 95            | 95               | –            | –             |
| Change in Fair Values of Derivatives Financial Instruments                                  | 93,966        | (62,384)         | 93,966       | (62,384)      |
| Unrealised Foreign Exchange Adjustment Losses                                               | 475           | 956              | –            | 201           |
| (Reversal) Impairment Loss on Investments in Subsidiaries                                   | –             | –                | (112,144)    | 113,702       |
| Capital Repayment of Shareholders' Loans                                                    | –             | –                | 17,615       | 17,074        |
| Losses of Indonesia subsidiaries                                                            | –             | –                | (9,129)      | (11,095)      |
| Profit of Indonesia Subsidiary Not Distributed Due to<br>Accumulated Losses Brought Forward | –             | –                | 7,224        | 9,867         |
| Other Adjustments                                                                           | –             | –                | (1,057)      | 228           |
|                                                                                             | <b>14,203</b> | <b>(108,637)</b> | <b>(520)</b> | <b>71,125</b> |

# Statements of Financial Position

As at 31 December 2009

|                                          |       | Group     |           | Trust    |          |
|------------------------------------------|-------|-----------|-----------|----------|----------|
|                                          | Notes | 2009      | 2008      | 2009     | 2008     |
|                                          |       | \$'000    | \$'000    | \$'000   | \$'000   |
| ASSETS                                   |       |           |           |          |          |
| Non-Current Assets                       |       |           |           |          |          |
| Plant and Equipment                      | 13    | 51        | 123       | —        | —        |
| Investment Properties                    | 14    | 1,056,025 | 829,967   | —        | —        |
| Investments in Subsidiaries              | 15    | —         | —         | 911,926  | 817,107  |
| Other Financial Assets                   | 16    | —         | 52,348    | —        | 52,348   |
| Total Non-Current Assets                 |       | 1,056,076 | 882,438   | 911,926  | 869,455  |
| Current Assets                           |       |           |           |          |          |
| Trade and Other Receivables              | 17    | 8,717     | 8,837     | 17,628   | 8,303    |
| Other Financial Assets                   | 16    | —         | 11,535    | —        | 11,535   |
| Other Assets                             | 18    | 12,115    | 10,490    | 4        | 37       |
| Cash and Cash Equivalents                | 19    | 111,303   | 94,455    | —        | —        |
| Total Current Assets                     |       | 132,135   | 125,317   | 17,632   | 19,875   |
| Total Assets                             |       | 1,188,211 | 1,007,755 | 929,558  | 889,330  |
| UNITHOLDERS' FUNDS AND LIABILITIES       |       |           |           |          |          |
| Unitholders' Funds                       |       |           |           |          |          |
| Issued Equity                            |       | 819,117   | 816,407   | 819,117  | 816,407  |
| Retained Earnings (Accumulated Losses)   |       | 106,875   | 111,863   | (58,164) | (67,899) |
| Currency Translation Reserve (Adverse)   |       | (34,481)  | (160,108) | —        | —        |
| Total Unitholders' Funds                 | 20    | 891,511   | 768,162   | 760,953  | 748,508  |
| Non-Current Liabilities                  |       |           |           |          |          |
| Deferred Tax Liabilities                 | 10    | 37,406    | 21,978    | —        | —        |
| Other Financial Liabilities              | 22    | 142,959   | 120,347   | 141,945  | 119,468  |
| Other Liabilities                        | 23    | 84,788    | 75,083    | —        | —        |
| Total Non-Current Liabilities            |       | 265,153   | 217,408   | 141,945  | 119,468  |
| Current Liabilities                      |       |           |           |          |          |
| Income Tax Payable                       |       | 7,104     | 5,654     | —        | —        |
| Trade and Other Payables                 | 24    | 4,637     | 6,878     | 18,707   | 20,471   |
| Other Financial Liabilities              | 22    | 7,955     | 909       | 7,953    | 883      |
| Other Liabilities                        | 25    | 11,851    | 8,744     | —        | —        |
| Total Current Liabilities                |       | 31,547    | 22,185    | 26,660   | 21,354   |
| Total Liabilities                        |       | 296,700   | 239,593   | 168,605  | 140,822  |
| Total Unitholders' Funds and Liabilities |       | 1,188,211 | 1,007,755 | 929,558  | 889,330  |
|                                          |       | Cents     | Cents     | Cents    | Cents    |
| Net Asset Value per Unit in Cents        |       |           |           |          |          |
| Basic Net Asset Value                    | 20    | 82.94     | 72.06     | 70.80    | 70.22    |
| Adjusted Notional Basic Net Asset Value  | 20    | 75.19     | 67.29     | 70.80    | 70.22    |

The accompanying notes form an integral part of these financial statements.

# Statements of Changes in Unitholders' Funds

Year Ended 31 December 2009

| Group                                      | Total<br>equity<br>\$'000 | Units<br>in issue<br>\$'000 | Retained<br>earnings<br>\$'000 | Currency<br>translation<br>reserve<br>\$'000 |
|--------------------------------------------|---------------------------|-----------------------------|--------------------------------|----------------------------------------------|
| <b>Current Year:</b>                       |                           |                             |                                |                                              |
| Opening Balance at 1 January 2009          | 768,162                   | 816,407                     | 111,863                        | (160,108)                                    |
| <b>Movements in Equity:</b>                |                           |                             |                                |                                              |
| Total Comprehensive Return for the Year    | 165,433                   | –                           | 39,806                         | 125,627                                      |
| Distribution to Unitholders                | (44,794)                  | –                           | (44,794)                       | –                                            |
| Manager's Management Fees Settled in Units | 2,710                     | 2,710                       | –                              | –                                            |
| <b>Closing Balance at 31 December 2009</b> | <b>891,511</b>            | <b>819,117</b>              | <b>106,875</b>                 | <b>(34,481)</b>                              |

## Previous Year:

Balance at Date of Constitution 8 August 2007

## Movements in Equity:

|                                              |                |                |                |                  |
|----------------------------------------------|----------------|----------------|----------------|------------------|
| Total Comprehensive Return for the Year      | 8,021          | –              | 168,129        | (160,108)        |
| Distribution to Unitholders                  | (56,266)       | –              | (56,266)       | –                |
| Manager's Management Fees Settled in Units   | 3,038          | 3,038          | –              | –                |
| Initial Public Offering (Net of Issue Costs) | 813,369        | 813,369        | –              | –                |
| <b>Closing Balance at 31 December 2008</b>   | <b>768,162</b> | <b>816,407</b> | <b>111,863</b> | <b>(160,108)</b> |

| Trust | Total<br>equity<br>\$'000 | Units<br>in issue<br>\$'000 | Accumulated<br>losses<br>\$'000 |
|-------|---------------------------|-----------------------------|---------------------------------|
|-------|---------------------------|-----------------------------|---------------------------------|

## Current Year:

Opening Balance at 1 January 2009

748,508 816,407 (67,899)

## Movements in Equity:

|                                            |                |                |                 |
|--------------------------------------------|----------------|----------------|-----------------|
| Total Comprehensive Return for the Year    | 54,529         | –              | 54,529          |
| Distribution to Unitholders                | (44,794)       | –              | (44,794)        |
| Manager's Management Fees Settled in Units | 2,710          | 2,710          | –               |
| <b>Closing Balance at 31 December 2009</b> | <b>760,953</b> | <b>819,117</b> | <b>(58,164)</b> |

## Previous Year:

Balance at Date of Constitution 8 August 2007

– – –

## Movements in Equity:

|                                              |                |                |                 |
|----------------------------------------------|----------------|----------------|-----------------|
| Total Comprehensive Loss for the Year        | (11,633)       | –              | (11,633)        |
| Distribution to Unitholders                  | (56,266)       | –              | (56,266)        |
| Manager's Management Fees Settled in Units   | 3,038          | 3,038          | –               |
| Initial Public Offering (Net of Issue Costs) | 813,369        | 813,369        | –               |
| <b>Closing Balance at 31 December 2008</b>   | <b>748,508</b> | <b>816,407</b> | <b>(67,899)</b> |

# Statement of Portfolio

As at 31 December 2009

## By Geographical Area Group

| Description of Property/Location/Acquisition Date                                                                                                                                                          | Gross Floor Area<br>in Square Meter |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| <b><u>Indonesia</u></b>                                                                                                                                                                                    |                                     |
| <b><u>Retail Malls</u></b>                                                                                                                                                                                 |                                     |
| Gajah Mada Plaza<br>Address: Jalan Gajah Mada 19-26 Sub-District of Petojo Utara, District of Gambir,<br>Regency of Central Jakarta, Jakarta-Indonesia<br>Acquisition date: 19 November 2007               | 66,160                              |
| Cibubur Junction<br>Address: Jalan Jambore No.1 Cibubur, Sub-District of Ciracas, Regency of East Jakarta,<br>Jakarta-Indonesia<br>Acquisition date: 19 November 2007                                      | 49,341                              |
| The Plaza Semanggi<br>Address: Jalan Jenderal Sudirman Kav.50, Sub-District of Karet Semanggi, District of Setiabudi,<br>Regency of South Jakarta, Jakarta-Indonesia<br>Acquisition date: 19 November 2007 | 91,232                              |
| Mal Lippo Cikarang<br>Address: Jalan MH Thamrin, Lippo Cikarang, Sub-District of Cibatuh, District of Lemah Abang,<br>Regency of Bekasi, West Java-Indonesia<br>Acquisition date: 19 November 2007         | 37,418                              |
| Ekalokasari Plaza<br>Address: Jalan Siliwangi No. 123, Sub-District of Sukasari, District of Kota Bogor Timur,<br>Administrative City of Bogor, West Java-Indonesia<br>Acquisition date: 19 November 2007  | 39,895                              |
| Bandung Indah Plaza<br>Address: Jalan Merdeka No. 56, Sub-District of Citarum, District of Bandung Wetan,<br>Regency of Bandung, West Java-Indonesia<br>Acquisition date: 19 November 2007                 | 55,196                              |
| Istana Plaza<br>Address: Jalan Pasir Kaliki No. 121 – 123, Sub-District of Pamayonan, District of Cicendo,<br>Regency of Bandung, West Java-Indonesia<br>Acquisition date: 19 November 2007                | 37,434                              |
| Sun Plaza<br>Address: Jalan Haji Zainul Arifin No 7, Madras Hulu, Medan Polonia, Medan,<br>North Sumatra-Indonesia<br>Acquisition date: 31 March 2008                                                      | 73,871                              |

| Tenure of Land/Last Valuation Date                                                                                                        | Percentage<br>of Total Net<br>Assets as at<br>31 December |           | Percentage<br>of Total Net<br>Assets as at<br>31 December |           |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------|-----------------------------------------------------------|-----------|
|                                                                                                                                           | 2009<br>\$'000                                            | 2009<br>% | 2008<br>\$'000                                            | 2008<br>% |
| Strata Title constructed on Hak Guna Bangunan ("HGB")<br>Title common land<br>Expires on 24 January 2020.<br>Revalued at 31 December 2009 | 99,859                                                    | 11.20     | 79,345                                                    | 10.33     |
| Build, Operate and Transfer ("BOT") Scheme<br>20 Years from 28 July 2005.<br>Revalued at 31 December 2009                                 | 73,283                                                    | 8.22      | 60,705                                                    | 7.90      |
| BOT Scheme<br>50 years from 8 July 2004.<br>Revalued 31 December 2009                                                                     | 184,811                                                   | 20.73     | 136,485                                                   | 17.77     |
| HGB Title<br>Expires on 5 May 2023.<br>Revalued at 31 December 2009                                                                       | 66,180                                                    | 7.42      | 51,540                                                    | 6.71      |
| BOT Scheme<br>25 years from June 2007.<br>Revalued at 31 December 2009                                                                    | 51,258                                                    | 5.75      | 37,488                                                    | 4.88      |
| BOT Scheme and HGB Title on top of Hak Pengelolaan<br>("HPL") Title<br>40 years from December 1990.<br>Revalued at 31 December 2009       | 118,810                                                   | 13.33     | 87,330                                                    | 11.37     |
| BOT Scheme<br>32 years from 17 January 2002.<br>Revalued at 31 December 2009                                                              | 95,920                                                    | 10.76     | 89,534                                                    | 11.66     |
| HGB Title<br>Expires on 24 November 2032.<br>Revalued at 31 December 2009                                                                 | 175,365                                                   | 19.67     | 140,374                                                   | 18.27     |

## Statement of Portfolio (Cont'd)

As at 31 December 2009

| Description of Property/Location/Acquisition Date                                                                                                                                                                  | Gross Floor Area<br>in Square Meter |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| <b><u>Retail Spaces</u></b>                                                                                                                                                                                        |                                     |
| Mall WTC Matahari Units<br>Address: Jalan Raya Serpong No. 39, Sub-District of Pondok Jagung, District of Serpong,<br>Regency of Tangerang, Banten-Indonesia<br>Acquisition date: 19 November 2007                 | 11,184                              |
| Metropolis Town Square Units<br>Address: Jalan Hartono Raya, Sub-District of Cikokol, District of Cipete, Regency of Tangerang,<br>Banten-Indonesia<br>Acquisition date: 19 November 2007                          | 15,248                              |
| Depok Town Square Units<br>Address: Jalan Margonda Raya No 1, Sub-District of Pondok Cina, District of Depok,<br>Regency of Depok, West Java-Indonesia<br>Acquisition date: 19 November 2007                       | 13,045                              |
| Java Supermall Units<br>Address: Jalan MT Haryono, No. 992-994, Sub-District of Jomblang, District of Semarang Selatan,<br>Regency of Semarang, Central Java-Indonesia<br>Acquisition date: 19 November 2007       | 11,082                              |
| Malang Town Square Units<br>Address: Jalan Veteran No. 2, Sub-District of Penanggungan, District of Klojen, Regency of Malang,<br>East Java-Indonesia<br>Acquisition date: 19 November 2007                        | 11,065                              |
| Plaza Madiun<br>Address: Jalan Pahlawan No. 38-40, Sub-District of Pangongangan, District of Manguharjo,<br>Regency of Madiun, East Java-Indonesia<br>Acquisition date: 19 November 2007                           | 19,029                              |
| Grand Palladium Medan Units<br>Address: Jalan Kapten Maulana Lubis, Sub-District of Petisah Tengah, District of Medan Petisah,<br>Regency of Medan, North Sumatera-Indonesia<br>Acquisition date: 19 November 2007 | 13,417                              |
| Portfolio of Investment Properties at Valuation<br>Other Net Liabilities<br>Net Assets Attributable to Unitholders                                                                                                 |                                     |
| Please see Note 14 for the description of the various titles held for the retail malls and spaces.                                                                                                                 |                                     |

| Tenure of Land/Last Valuation Date                                                                                 | Percentage<br>of Total Net<br>Assets as at<br>31 December<br>2009 |           | Percentage<br>of Total Net<br>Assets as at<br>31 December<br>2008 |           |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-----------|-------------------------------------------------------------------|-----------|
|                                                                                                                    | 2009<br>\$'000                                                    | 2009<br>% | 2008<br>\$'000                                                    | 2008<br>% |
| Strata Title constructed on HGB Title common land<br>Expires on 8 April 2018.<br>Revalued at 31 December 2009      | 25,339                                                            | 2.84      | 18,926                                                            | 2.46      |
| Strata Title constructed on HGB Title common land<br>Expires on 27 December 2029.<br>Revalued at 31 December 2009  | 33,742                                                            | 3.78      | 25,122                                                            | 3.27      |
| Strata Title constructed on HGB Title common land<br>Expires on 27 February 2035.<br>Revalued at 31 December 2009  | 25,727                                                            | 2.89      | 19,302                                                            | 2.51      |
| Strata Title constructed on HGB Title common land<br>Expires on 24 September 2017.<br>Revalued at 31 December 2009 | 26,253                                                            | 2.94      | 19,651                                                            | 2.56      |
| Strata Title constructed on HGB Title common land<br>Expires on 21 April 2033.<br>Revalued at 31 December 2009     | 26,426                                                            | 2.96      | 19,276                                                            | 2.51      |
| HGB Title<br>Expires on 10 February 2012.<br>Revalued at 31 December 2009                                          | 28,855                                                            | 3.24      | 25,263                                                            | 3.29      |
| Strata Title constructed on HGB Title common land<br>Expires on 9 November 2028.<br>Revalued at 31 December 2009   | 24,197                                                            | 2.71      | 19,626                                                            | 2.55      |
|                                                                                                                    | 1,056,025                                                         | 118.44    | 829,967                                                           | 108.04    |
|                                                                                                                    | (164,514)                                                         | (18.44)   | (61,805)                                                          | (8.04)    |
|                                                                                                                    | 891,511                                                           | 100.00    | 768,162                                                           | 100.00    |

# Consolidated Statement of Cash Flows

Year Ended 31 December 2009

|                                                                               | 2009<br>\$'000 | 2008<br>\$'000 |
|-------------------------------------------------------------------------------|----------------|----------------|
| <b><u>Cash Flows From Operating Activities</u></b>                            |                |                |
| Total Return Before Tax                                                       | 69,065         | 208,006        |
| Adjustments for:                                                              |                |                |
| Interest Income                                                               | (2,313)        | (1,980)        |
| Interest Expense                                                              | 6,723          | 5,046          |
| Amortisation of Borrowing Costs                                               | 2,094          | 1,402          |
| Depreciation of Plant and Equipment                                           | 95             | 95             |
| Fair Value Gains on Investment Properties                                     | (98,766)       | (72,814)       |
| Fair Value Gains (Losses) on Derivatives Financial Instruments                | 93,966         | (62,384)       |
| Unrealised Foreign Exchange Adjustment Losses                                 | 475            | 956            |
| Manager's Management Fees Settled in Units                                    | 3,005          | 3,532          |
| Operating Cash Flows Before Changes in Working Capital                        | 74,344         | 81,859         |
| Trade and Other Receivables, Current                                          | 120            | (8,837)        |
| Other Assets, Current                                                         | (1,625)        | (10,490)       |
| Trade and Other Payables, Current                                             | (3,005)        | 5,787          |
| Other Liabilities, Current                                                    | 3,107          | 8,744          |
| Net Cash Flows From Operation Before Interest and Tax                         | 72,941         | 77,063         |
| Income Tax Paid                                                               | (12,381)       | (12,245)       |
| Net Cash Flows From Operating Activities                                      | 60,560         | 64,818         |
| <b><u>Cash Flows From Investing Activities</u></b>                            |                |                |
| Acquisition of Investment Properties                                          | –              | (927,599)      |
| Capital Expenditure on Investment Properties                                  | (773)          | (2,136)        |
| Purchase of Plant and Equipment                                               | (23)           | (218)          |
| Interest Received                                                             | 2,313          | 1,980          |
| Net Cash Flows From (Used In) Investing Activities                            | 1,517          | (927,973)      |
| <b><u>Cash Flows From Financing Activities</u></b>                            |                |                |
| Distributions to Unitholders                                                  | (44,794)       | (56,266)       |
| Proceeds from Issuance of Units, Net of Issue Costs                           | –              | 813,369        |
| Other Financial Liabilities                                                   | (425)          | 118,355        |
| Other Liabilities, Non-Current                                                | 9,705          | 75,083         |
| Interest Paid                                                                 | (8,817)        | (4,449)        |
| Net Cash Flows (Used in) From Financing Activities                            | (44,331)       | 946,092        |
| <b>Net Effect of Exchange Rate Changes in Consolidating Subsidiaries</b>      | (898)          | 11,518         |
| <b>Net Increase in Cash and Cash Equivalents</b>                              | 16,848         | 94,455         |
| Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance         | 94,455         | –              |
| Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 19A) | 111,303        | 94,455         |

# Notes to the Financial Statements

31 December 2009

## 1. GENERAL

Lippo-Mapletree Indonesia Retail Trust ("LMIR Trust" or the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 8 August 2007 ("Trust Deed") entered into between Lippo-Mapletree Indonesia Retail Trust Management Ltd (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), governed by the laws of Singapore.

The financial statements are presented in Singapore dollars, recorded to the nearest thousands, and they cover LMIR Trust and the group's subsidiaries.

The board of directors of the Manager approved and authorised these financial statements for issue on 18 March 2010.

The principal activity of LMIR Trust and its subsidiaries (the "Group") is to invest in a diversified portfolio of income-producing real estate properties in Indonesia. These are primarily used for retail and/or retail-related purposes. The primary objective is to deliver regular and stable distributions to unitholders and to achieve long-term growth in the net asset value per unit.

The registered office of the Manager is 78 Shenton Way, #05-01, Singapore 079120.

LMIR Trust has entered into several service agreements in relation to the management of LMIR Trust. The fee structure of these services is as follows:

### (A) Trustee's Fees

The Trustee's fees shall not exceed 0.03% per annum of the value of the Deposited Property (as defined in the Trust Deed), subject to a minimum of \$15,000 per month, excluding out-of-pocket expenses and GST. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property, subject to a minimum sum per month. The Trustee's fees will be subject to review three years from 19 November 2007, being the listing date of LMIR Trust (the "Listing Date").

### (B) Manager's Management Fees

Under the Trust Deed, the Manager is entitled to management fees comprising the base fee and performance fee as follows:

- (i) A base fee ("Base Fee") of 0.25% per annum of the value of the Deposited Property.
- (ii) A performance fee ("Performance Fee") is fixed at 4.0% per annum of the Group's Net Property Income ("NPI") (calculated before accounting for this additional fee in the financial year). NPI in relation to real estate, whether directly or held by the Trustee or indirectly held by the Trustee through a special purpose company, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and or cash.
- (iii) An authorised investment management fee of 0.5% per annum of the value of Authorised Investments which are not in the form of real estate (whether held directly by LMIR Trust or indirectly through one or more subsidiaries). Where such authorised investment is an interest in a property fund (either a REIT or private property fund) wholly managed by a wholly-owned subsidiary of PT Lippo Karawaci Tbk (the "Sponsor"), no authorised investment management fee shall be payable in relation to such authorised investment.
- (iv) Manager's acquisition fee ("Acquisition Fee") is determined at 1.0% of value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).
- (v) The Manager is also entitled for divestment fee ("Divestment Fee") at the rate of 0.5% of the sales price of any Authorised Investment directly or indirectly sold or divested from time to time by the Trustee on behalf of LMIR Trust. The Manager may opt to receive the divestment fee in the form of units and or cash.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 1. GENERAL (Cont'd)

### (C) Property Manager's Fees

Under the Property Management Agreement in respect of each Retail Mall, the Property Manager is entitled to the following fees:

- (i) 2% per annum of the gross revenue for the relevant Retail Mall.
- (ii) 2% per annum of the net property income for relevant Retail Mall (after accounting for the fee of 2% per annum of the gross revenue for the relevant Retail Mall).
- (iii) 0.5% per annum of the net property income for the relevant Retail Mall in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents.

Under each existing Property Management Agreement, each of the Indonesian subsidiaries that are owners of retail malls ("Retail Mall Property Companies") agrees to reimburse the Property Manager, upon request made from time to time, for its expenses incurred in connection with the provision of property management services and with the performance of its duties which are in compliance with the approved annual business plan and budget as stated in the existing Property Management Agreement. Such expenses include but are not limited to rent, service charge and VAT payable by the Property Manager of its lease of its office premises; advertising and promotion costs; and salaries of the Property Manager's employees who are approved by the relevant Retail Mall Property Companies.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking into account reasonable possible changes in performance, show that the Group should be able to operate within its current facilities. The Group has considerable financial resources together with good relationship with its tenants and suppliers.

The Manager believes that the Group is well placed to manage its business risks successfully.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as well as all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council, Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. Where presentation guidance set out in the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" is consistent with the requirements of FRS, LMIR Trust has sought to prepare the financial statements on a basis compliant with the recommendations of RAP 7. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

### Basis of Presentation

The consolidation accounting method is used for the consolidated financial statements that include the financial statements made up to the statements of financial position date each year of the Trust and all its directly and indirectly controlled subsidiaries. Consolidated financial statements are the financial statements of the Group presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation. The results of the investees acquired or disposed of during the financial year are accounted for from the respective dates of acquisition or up to the dates of disposal which is the date on which effective control is obtained of the acquired business until that control ceases. On disposal the attributable amount of goodwill, if any, is included in the determination of the gain or loss on disposal.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Basis of Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring the Manager's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

### Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the entity and it is shown net of any related sales taxes and discounts. Revenue from rendering of services that are of short duration is recognised when the services are completed. Revenue is recognised as follows:

#### Rental income from operating leases and rental guarantee income

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

#### Interest income

Interest revenue is recognised on a time-proportion basis using the effective interest rate.

#### Dividend income

Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

### Income Tax

The income taxes are accounted for using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in statement of total return unless the tax relates to items that are recognised in the same or a different period outside statement of total return. For such items recognised outside statements of total return the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the company is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not be reversed in the foreseeable future or for deductible temporary differences, they will not be reversed in the foreseeable future and they cannot be utilised against taxable profits.

### Foreign Currency Transactions

The functional currency of LMIR Trust is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the statements of total return except when recognised in other comprehensive return and if applicable deferred in equity as qualifying cash flow hedges. The presentation is in the functional currency.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Translation of Financial Statements of Other Entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of an investee for incorporation in the combined financial statements the assets and liabilities denominated in currencies other than the functional currency of the Group are translated at end of the reporting year rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are recognised in other comprehensive return and accumulated in a separate component of equity until the disposal of that investee.

### Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Segment information has not been presented as all of the Group's investment properties are used primarily for retail purposes and are all located in Indonesia. They are regarded as one component by the chief operating decision maker.

### Borrowing Costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

### Unit Based Payments

The cost is recognised as an expense when the units are issued for services. The issued capital is increased by the fair value of the transaction.

### Plant and Equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

|                     |   |     |
|---------------------|---|-----|
| Plant and equipment | – | 10% |
|---------------------|---|-----|

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the statements of total return. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost is recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of total return when they are incurred.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Investment Property

Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value on the existing use basis to reflect the actual market state and circumstances as of the end of the reporting year, not as of either a past or future date. A gain or loss arising from a change in the fair value of investment property is included in the statement of total return for the period in which it arises. The revaluations are made periodically on a systematic basis at least once yearly by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

### Leases

Whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the statements of total return on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Rental income from operating leases is recognised in the statements of total return on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Trust's own separate financial statements, the investments in subsidiaries are stated at cost less any allowance for impairment in value. Impairment loss recognised in statements of total return for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through the statements of total return to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the statements of total return unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### Financial Assets

Initial recognition and measurement and derecognition of financial assets:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through statements of total return includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through statements of total return are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

- #1. Financial assets at fair value through statements of total return: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. All changes in fair value relating to assets at fair value through statements of total return are recognised directly in the statements of total return. They are classified as non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting year.
- #2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not to be classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the statements of total return. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Financial Assets (Cont'd)

Subsequent measurement: (Cont'd)

#3. Held-to-maturity financial assets: As at year end date there were no financial assets classified in this category.

#4. Available for sale financial assets: As at year end date there were no financial assets classified in this category.

### Cash and Cash Equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the items include cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash flows arising from hedging instruments are classified as operating, investing or financing activities, on the basis of the classification of the cash flows arising from the hedged item.

### Derivatives

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in the statements of total return and the hedged item follows normal accounting policies.

### Financial Liabilities

Initial recognition and measurement:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through statements of total return includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through statements of total return are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

- #1. Liabilities at fair value through statements of total return: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through statements of total return are charged to the statements of total return as incurred.
- #2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowing are classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Liabilities and equity financial instruments:

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. The equity and the liability elements of compound instruments are classified separately as equity and as a liability. Equity instruments are recorded at the proceeds net of direct issue costs.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Fair Value of Financial Instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or for liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

### Net Assets Attributable to Unitholders

Net assets attributable to unitholders represent residual interest in the net assets of the Trust. Distributions on units are recognised as liabilities when they are declared. Expenses incurred in connection with the initial public offering of the Trust are deducted directly from net assets attributable to unitholders.

### Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense. Changes in estimates are reflected in the statements of total return in the period they occur.

### Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Fair values of investment properties:

Certain judgements and assumptions are made in the valuation of the investment properties based calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in Note 14.

Deferred tax estimation:

Management judgement is required in determining the amount of current and deferred tax recognised as income or expense and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgemental and not susceptible to precise determination. The amount at the end of reporting year was \$37,406,000 (2008: \$21,978,000) for the Group.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Critical Judgements, Assumptions and Estimation Uncertainties (Cont'd)

Estimated impairment of subsidiaries:

When a subsidiary is in net equity deficit and has suffered losses a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The amount of the relevant investment is \$147,507,109 (2008: \$930,808,550) at the end of the reporting year.

Determination of functional currency:

The Group measures foreign currency transactions in the respective functional currencies of the Trust and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade accounts receivables and analyses historical bad debts, customer concentrations and customer creditworthiness, when evaluating the adequacy of the allowance for doubtful trade accounts. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

## 3. RELATED PARTY TRANSACTIONS

FRS 24 defines a related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The definition includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

### 3.1 Related companies:

There are transactions and arrangements between the Trust and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances an interest is imputed unless stated otherwise based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance. For financial guarantees a fair value is imputed and is recognised accordingly if significant where no charge is payable. There were no financial guarantees issued during the year.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

### 3.2 Other related parties:

There are transactions and arrangements between the Trust and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For financial guarantees a fair value is imputed and is recognised accordingly if significant where no charge is payable. There were no financial guarantees issued during the year.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 3. RELATED PARTY TRANSACTIONS (Cont'd)

### 3.2 Other related parties: (Cont'd)

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

|                                                                           | Group  |                           | Trust  |                           |
|---------------------------------------------------------------------------|--------|---------------------------|--------|---------------------------|
|                                                                           | 2009   | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|                                                                           | \$'000 | \$'000                    | \$'000 | \$'000                    |
| <b>The Manager<sup>(1)</sup></b>                                          |        |                           |        |                           |
| Acquisition fee paid in relation to the purchase of investment properties | –      | 1,467                     | –      | 1,467                     |
| Manager's management fees expense                                         | 5,686  | 6,988                     | 5,686  | 6,988                     |
| <b>The Trustee</b>                                                        |        |                           |        |                           |
| Trustee fees expense                                                      | 219    | 287                       | 219    | 287                       |
| <b>The Property Manager<sup>(2)</sup></b>                                 |        |                           |        |                           |
| Property Manager fees expense                                             | 2,765  | 3,795                     | –      | –                         |
| <b>Master Lessee<sup>(3)</sup></b>                                        |        |                           |        |                           |
| Property rental revenue                                                   | 13,445 | 14,536                    | –      | –                         |
| <b>Unitholder<sup>(4)</sup></b>                                           |        |                           |        |                           |
| Rental guarantee revenue                                                  | 3,577  | 4,583                     | –      | –                         |
| <b>Subsidiary of Sponsor<sup>(5)</sup></b>                                |        |                           |        |                           |
| Property rental revenue                                                   | 34     | 41                        | –      | –                         |
| <b>Affiliates of Sponsor<sup>(6)</sup></b>                                |        |                           |        |                           |
| Property rental revenue                                                   | 191    | 47                        | –      | –                         |

<sup>(1)</sup> The Manager is Lippo-Mapletree Indonesia Retail Trust Management Ltd.

<sup>(2)</sup> The Property Manager of the retail malls is PT Consulting & Management Services Division, a wholly-owned subsidiary of PT Lippo Karawaci Tbk ("Sponsor").

<sup>(3)</sup> The Master Lessee of the retail spaces is PT Matahari Putra Prima Tbk, which the Sponsor has an interest.

<sup>(4)</sup> The Unitholder is Lippo Strategic Holdings Inc, an affiliate of the Sponsor.

<sup>(5)</sup> The subsidiary of Sponsor is PT Siloam Sarana Karya.

<sup>(6)</sup> The Affiliates of Sponsor for 2009 are PT Jakarta Globe Media, PT First Media Tbk, PT Time Prima Indonesia and PT Matahari Putra Prima Tbk. The affiliates of the Sponsor are entities that either have common shareholders with the Sponsor or which the Sponsor has an interest.

Lippo Strategic Holdings Inc. ("Lippo Strategic") has entered into Rental Guarantee Deeds with the Singapore subsidiaries to which Lippo Strategic provided rental guarantee for the period from the Listing Date to 31 December 2009 in respect of existing and new units in the respective retail malls which are untenanted and any shortfalls in the maintenance and operation costs which the relevant operating company has undertaken to bear under the operating costs agreement.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 3. RELATED PARTY TRANSACTIONS (Cont'd)

### 3.2 Other related parties: (Cont'd)

Significant related party transactions: (Cont'd)

Lippo Strategic has furnished to the relevant Singapore subsidiaries bank guarantees of \$10,000,000, which are based on the outstanding rental income for the whole of FY2009 for the specific untenanted units at 1 January 2009. These guarantees expired on 31 December 2009.

### 3.3 Key management compensation:

The Group and the Trust have no employees. All its services are provided by the Manager and others.

## 4. GROSS REVENUE

|                                   | Group  |                           | Trust  |                           |
|-----------------------------------|--------|---------------------------|--------|---------------------------|
|                                   | 2009   | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|                                   | \$'000 | \$'000                    | \$'000 | \$'000                    |
| Rental revenue                    | 68,461 | 84,411                    | –      | –                         |
| Rental guarantee revenue          | 3,577  | 4,583                     | –      | –                         |
| Car park revenue                  | 4,267  | 7,009                     | –      | –                         |
| Dividend income from subsidiaries | –      | –                         | 49,512 | 56,853                    |
| Other revenue                     | 3,333  | 5,758                     | –      | –                         |
|                                   | 79,638 | 101,761                   | 49,512 | 56,853                    |

## 5. PROPERTY OPERATING EXPENSES

|                                               | Group  |                           | Trust  |                           |
|-----------------------------------------------|--------|---------------------------|--------|---------------------------|
|                                               | 2009   | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|                                               | \$'000 | \$'000                    | \$'000 | \$'000                    |
| Land rental                                   | 1,019  | 1,715                     | –      | –                         |
| Property management fee                       | 2,765  | 3,795                     | –      | –                         |
| Legal and professional fee                    | 541    | 692                       | –      | –                         |
| Depreciation of plant and equipment           | 95     | 95                        | –      | –                         |
| Allowance for impairment on trade receivables | –      | 7,039                     | –      | –                         |
| Other expenses                                | 109    | 128                       | –      | –                         |
|                                               | 4,529  | 13,464                    | –      | –                         |

## 6. OTHER CREDITS

|              | Group  |                           | Trust  |                           |
|--------------|--------|---------------------------|--------|---------------------------|
|              | 2009   | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|              | \$'000 | \$'000                    | \$'000 | \$'000                    |
| Other income | 629    | 471                       | –      | –                         |

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 7. MANAGER'S MANAGEMENT FEES

|                                   | Group & Trust |                           |
|-----------------------------------|---------------|---------------------------|
|                                   | 2009          | 8/8/2007 to<br>31/12/2008 |
|                                   | \$'000        | \$'000                    |
| Base fees                         | 2,681         | 3,456                     |
| Performance fees settled in units | 3,005         | 3,532                     |
|                                   | 5,686         | 6,988                     |

The Manager has elected to receive all the performance fees in the form of units. The performance fees of approximately \$2,710,000 (2008: \$3,038,000) were settled during the year through the issuance of 8,889,469 (2008: 5,545,234) units. The remaining amount of approximately \$789,000 (2008: \$494,000) was settled subsequent to year end in February 2010 through the issuance of 1,566,602 (2008: 1,566,532) new units (Note 32).

## 8. FINANCE COSTS

|                                 | Group  |                           | Trust  |                           |
|---------------------------------|--------|---------------------------|--------|---------------------------|
|                                 | 2009   | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|                                 | \$'000 | \$'000                    | \$'000 | \$'000                    |
| Interest expense                | 6,723  | 5,046                     | 6,599  | 5,046                     |
| Amortisation of borrowing costs | 2,094  | 1,402                     | 2,094  | 1,402                     |
|                                 | 8,817  | 6,448                     | 8,693  | 6,448                     |

## 9. OTHER EXPENSES

|                                                    | Group  |                           | Trust  |                           |
|----------------------------------------------------|--------|---------------------------|--------|---------------------------|
|                                                    | 2009   | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|                                                    | \$'000 | \$'000                    | \$'000 | \$'000                    |
| Arrangement fee for term loan facility written-off | —      | 3,274                     | —      | 3,274                     |
| Bank charges                                       | 17     | 18                        | 2      | 2                         |
| Investor relation expenses                         | 12     | 111                       | 12     | 111                       |
| Legal expenses                                     | 57     | 36                        | 57     | 36                        |
| Listing expenses                                   | 25     | 67                        | 25     | 67                        |
| Security agent fees                                | 73     | 73                        | 73     | 73                        |
| Tax consultation expenses                          | 54     | 35                        | 54     | 35                        |
| Valuation expenses                                 | 139    | 65                        | 139    | 65                        |
| Other expenses                                     | 287    | 253                       | 287    | 253                       |
|                                                    | 664    | 3,932                     | 649    | 3,916                     |

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 10. INCOME TAX

### 10A. Components of tax expense recognised in statements of total return include:

|                                  | Group   |                           | Trust  |                           |
|----------------------------------|---------|---------------------------|--------|---------------------------|
|                                  | 2009    | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|                                  | \$'000  | \$'000                    | \$'000 | \$'000                    |
| <u>Current tax expense:</u>      |         |                           |        |                           |
| Current tax expense              | 13,831  | 17,899                    | –      | –                         |
| <u>Deferred tax expense:</u>     |         |                           |        |                           |
| Deferred tax expense             | 20,238  | 21,978                    | –      | –                         |
| Overprovision in prior year      | (7,064) | –                         | –      | –                         |
| Change in foreign exchange rates | 2,254   | –                         | –      | –                         |
| Subtotal                         | 15,428  | 21,978                    | –      | –                         |
| Total income tax expense         | 29,259  | 39,877                    | –      | –                         |

The income tax in statements of total return varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2008: 18%) to total return before income tax as a result of the following differences:

|                                                                   | Group   |                           | Trust   |                           |
|-------------------------------------------------------------------|---------|---------------------------|---------|---------------------------|
|                                                                   | 2009    | 8/8/2007 to<br>31/12/2008 | 2009    | 8/8/2007 to<br>31/12/2008 |
|                                                                   | \$'000  | \$'000                    | \$'000  | \$'000                    |
| Total return (loss) before tax                                    | 69,065  | 208,006                   | 54,529  | (11,633)                  |
| Income tax expense at the above rate                              | 11,741  | 37,441                    | 9,270   | (2,094)                   |
| Not deductible (Not liable to tax) items                          | 18,577  | (5,577)                   | (9,270) | 2,094                     |
| Foreign Tax                                                       | 5,536   | 7,012                     | –       | –                         |
| Effect of different tax rates in different countries              | (1,679) | 75                        | –       | –                         |
| Overprovision in respect of prior year                            | (7,064) | –                         | –       | –                         |
| Deferred tax adjustments due to changes in foreign exchange rates | 2,254   | –                         | –       | –                         |
| Other minor items less than 3% each                               | (106)   | 926                       | –       | –                         |
| Total income tax expense                                          | 29,259  | 39,877                    | –       | –                         |
| Effective tax rate                                                | 42.4%   | 19.2%                     | –       | –                         |

The amount of current income taxes outstanding for the Group as at end of year was \$7,104,000 (2008: \$5,654,000). Such an amount is net of tax advances, which, according to the tax rules, were paid before the year-end.

Also see Note 12 for income tax on distributions to unitholders.

### 10B. Deferred tax expense recognised in statements of total return include:

|                                                                              | Group  |                           | Trust  |                           |
|------------------------------------------------------------------------------|--------|---------------------------|--------|---------------------------|
|                                                                              | 2009   | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|                                                                              | \$'000 | \$'000                    | \$'000 | \$'000                    |
| Deferred tax relating to the increase in fair value of investment properties | 15,428 | 21,978                    | –      | –                         |

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 10. INCOME TAX (Cont'd)

### 10C. Deferred tax balance in the statement of financial position:

|                                                                              | Group  |                           | Trust  |                           |
|------------------------------------------------------------------------------|--------|---------------------------|--------|---------------------------|
|                                                                              | 2009   | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|                                                                              | \$'000 | \$'000                    | \$'000 | \$'000                    |
| Deferred tax liabilities recognised in statements of total return:           |        |                           |        |                           |
| Deferred tax relating to the increase in fair value of investment properties |        |                           |        |                           |
|                                                                              | 37,406 | 21,978                    | –      | –                         |

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

### Taxation of Income from Indonesia Properties

#### Corporate Income Tax in Indonesia

Article 3 of Indonesian Government Regulation No. 5 /2002 on the payment of income tax on income from the lease of land and/or building stipulates that income tax on income received or acquired by individuals or entities from the leasing of land and/or buildings consisting of land, houses, multi-story houses, apartments, condominiums, office buildings, office-cum-living space, shops, shop cum house, warehouse, and industrial space which is received or earned from a tenant acting or appointed as a tax withholder, is to be withheld by the tenant. The tax rate is ten percent (10%) of the gross value of the land and/or building rental and is final in nature.

#### Withholding Tax in Indonesia

Under the income tax treaty between Singapore and Indonesia, the Indonesia withholding tax is capped at 10% in respect of:

- Dividends paid by a company resident in Indonesia to a company resident in Singapore which owns directly at least 25% of the capital of the company paying the dividends; and
- Interest paid to a resident of Singapore.

Indonesia withholding tax is at 15% in respect of dividends paid by a company resident in Indonesia to a company resident in Singapore who owns directly less than 25% of the capital of the company paying the dividends.

#### Dividends from Indonesian Subsidiaries

Dividends received by the Singapore subsidiaries of LMIR Trust from their respective Indonesian subsidiaries are exempt from Singapore income tax under section 13(8) of the Income Tax Act provided the following conditions are met:

- In the year the dividends are received in Singapore, the headline corporate tax rate in the foreign country from which the dividends are received is at least 15%;
- The dividends have been subject to tax in the foreign country from which they are received; and
- The Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the Singapore subsidiaries.

#### Dividends from Singapore Subsidiaries

Dividends received by LMIR Trust from its respective Singapore subsidiaries are exempt from Singapore income tax provided that the Singapore subsidiaries are tax residents of Singapore for income tax purposes.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 10. INCOME TAX (Cont'd)

### Interest Income from Indonesian Subsidiaries

Interest received by the Singapore subsidiaries of LMIR Trust on loans extended to their respective Indonesian subsidiaries is exempt from Singapore income tax under section 13(12) of the Income Tax Act. The tax exemption under section 13(12) is granted on the condition that the full amount of remitted interest, less attributable expenses, is distributed by the Singapore subsidiaries to LMIR Trust for onward distribution to its unitholders.

### Redemption of redeemable preference shares in Singapore Subsidiaries

Proceeds received by LMIR Trust from the redemption of its redeemable preference shares in the Singapore subsidiaries at the original cost of the redeemable preference shares are capital receipts and hence not subject to Singapore income tax.

### Receipt from Indonesia Subsidiaries for Repayment of Shareholder Loans

Proceeds received by the Singapore subsidiaries for the repayment of shareholder loans from their Indonesian subsidiaries are capital receipts and hence not subject to Singapore income tax.

## 11. EARNINGS PER UNIT

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per unit of no par value:

|                                                                                                                                                                                                                                     | Group         |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                                                                                                                                     | 2009          | 2008          |
| Denominator: weighted average number of units<br>Basic and diluted                                                                                                                                                                  | 1,067,354,097 | 1,062,413,330 |
|                                                                                                                                                                                                                                     | \$'000        | \$'000        |
| Numerator: Earnings attributable to Unitholders<br>Total returns after tax                                                                                                                                                          | 39,806        | 168,129       |
|                                                                                                                                                                                                                                     | Cents         | Cents         |
| Earnings per unit (in cents):<br>Basic and diluted                                                                                                                                                                                  | 3.73          | 15.83         |
|                                                                                                                                                                                                                                     | \$'000        | \$'000        |
| Adjusted Notional Basic (Loss) Earnings per Unit:<br>Numerator: (Loss) Earnings attributable to Unitholders<br>Total (Loss) Returns after tax adjusted for fair value gain on investment properties,<br>net of related deferred tax | (43,532)      | 117,293       |
|                                                                                                                                                                                                                                     | Cents         | Cents         |
| Adjusted Notional Basic (Loss) Earnings per Unit (in cents):<br>Basic and diluted                                                                                                                                                   | (4.08)        | 11.04         |

The weighted average number of units refers to units in circulation during the year.

Diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the financial year.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 12. DISTRIBUTION PER UNIT

|                                                                                    |                                                     | Group and Trust |          |        |        |
|------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------|----------|--------|--------|
|                                                                                    |                                                     | 2009            | 2008     | 2009   | 2008   |
|                                                                                    |                                                     | Cents           | Cents    | 2009   | 2008   |
|                                                                                    |                                                     | per unit        | per unit | \$'000 | \$'000 |
| Based on the number of units in issue at the end of the financial year             |                                                     | 5.04            | 5.60     | 54,009 | 59,492 |
| <u>Distribution Type</u>                                                           |                                                     |                 |          |        |        |
| Name of Distribution                                                               | Distribution during the year (interim distribution) |                 |          |        |        |
| Distribution Type                                                                  | Income/Capital                                      |                 |          |        |        |
|                                                                                    |                                                     | 2009            | 2008     | 2009   | 2008   |
|                                                                                    |                                                     | Cents           | Cents    | 2009   | 2008   |
|                                                                                    |                                                     | per unit        | per unit | \$'000 | \$'000 |
|                                                                                    | Tax-Exempt Income <sup>(a)</sup> :                  | 2.49            | 3.99     | 26,707 | 42,418 |
|                                                                                    | Capital <sup>(b)</sup> :                            | 1.39            | 1.31     | 14,861 | 13,848 |
|                                                                                    | Subtotal:                                           | 3.88            | 5.30     | 41,568 | 56,266 |
| <u>Name of Distribution</u>                                                        |                                                     |                 |          |        |        |
| Distribution declared subsequent to year end (final distribution)<br>(See Note 32) |                                                     |                 |          |        |        |
| Distribution Type                                                                  | Income/Capital                                      |                 |          |        |        |
|                                                                                    |                                                     | 2009            | 2008     | 2009   | 2008   |
|                                                                                    |                                                     | Cents           | Cents    | 2009   | 2008   |
|                                                                                    |                                                     | per unit        | per unit | \$'000 | \$'000 |
|                                                                                    | Tax-Exempt Income <sup>(a)</sup> :                  | 0.90            | –        | 9,687  | –      |
|                                                                                    | Capital <sup>(b)</sup> :                            | 0.26            | 0.30     | 2,754  | 3,226  |
|                                                                                    | Subtotal:                                           | 1.16            | 0.30     | 12,441 | 3,226  |
|                                                                                    | Total distribution per unit                         | 5.04            | 5.60     | 54,009 | 59,492 |

<sup>(a)</sup> Unitholders are exempt from tax on such distributions.

<sup>(b)</sup> Such distributions are treated as returns of capital for Singapore income tax purposes. For unitholders who are liable to Singapore income tax on profits from the sale of LMIR Trust's units, the amount of capital distribution will be applied to reduce the cost base of their LMIR Trust units for Singapore income tax purposes.

Current distribution policy:

LMIR Trust's current distribution policy is to distribute 100% (2008: 100%) of its tax-exempt income (after deduction of applicable expenses) and capital receipts. The tax-exempt income comprises dividends received from the Singapore tax resident subsidiaries. The capital receipts comprise amounts received by LMIR Trust from redemption of redeemable preference shares in the Singapore subsidiaries.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 13. PLANT AND EQUIPMENT

| Group                                 | Plant and equipment<br>\$'000 |
|---------------------------------------|-------------------------------|
| Cost:                                 |                               |
| At date of constitution 8 August 2007 | –                             |
| Additions                             | 218                           |
| At 31 December 2008                   | 218                           |
| Additions                             | 23                            |
| At 31 December 2009                   | 241                           |
| Accumulated depreciation:             |                               |
| At date of constitution 8 August 2007 | –                             |
| Depreciation for the year             | 95                            |
| At 31 December 2008                   | 95                            |
| Depreciation for the year             | 95                            |
| At 31 December 2009                   | 190                           |
| Net book value:                       |                               |
| At date of constitution 8 August 2007 | –                             |
| At 31 December 2008                   | 123                           |
| At 31 December 2009                   | 51                            |

The depreciation expense is charged to statements of total return as property operating expenses.

Fully depreciated plant and equipment still in use had a cost of \$103,495 (2008: \$105,270).

## 14. INVESTMENT PROPERTIES

|                                                                                                                                                     | Group     |                           | Trust  |                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------------------|--------|---------------------------|
|                                                                                                                                                     | 2009      | 8/8/2007 to<br>31/12/2008 | 2009   | 8/8/2007 to<br>31/12/2008 |
|                                                                                                                                                     | \$'000    | \$'000                    | \$'000 | \$'000                    |
| <u>At valuation:</u>                                                                                                                                |           |                           |        |                           |
| Fair value at beginning of year/date of constitution<br>8 August 2007                                                                               | 829,967   | –                         | –      | –                         |
| Additions at cost                                                                                                                                   | –         | 927,599                   | –      | –                         |
| Enhancement expenditure capitalised                                                                                                                 | 773       | 2,136                     | –      | –                         |
|                                                                                                                                                     | 830,740   | 929,735                   | –      | –                         |
| Increase in fair value included in statements of<br>total return                                                                                    | 98,766    | 72,814                    | –      | –                         |
| Translation differences                                                                                                                             | 126,519   | (172,582)                 | –      | –                         |
| Fair value at end of year                                                                                                                           | 1,056,025 | 829,967                   | –      | –                         |
| Rental and service income from investment properties                                                                                                | 79,638    | 101,761                   | –      | –                         |
| Direct operating expenses (including repairs and<br>maintenance) arising from investment properties<br>that generated rental income during the year | (4,529)   | (13,464)                  | –      | –                         |

These investment properties include the mechanical and electrical equipment located in the respective properties.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 14. INVESTMENT PROPERTIES (Cont'd)

As disclosed in the prospectus dated 9 November 2007, certain of the investment properties were acquired from an affiliate of the Sponsor.

The fair value of each investment property is stated on the existing use basis to reflect the actual market state and circumstances as of the end of the reporting year and not as of either a past or future date. A gain or loss arising from a change in the fair value is recognised in the statements of total return. The fair value is determined periodically on a systematic basis at least once yearly. The fair value was based on a valuation made by CB Richard Ellis / Kantor Jasa Penilai Public Yuhai (2008: Knight Frank / PT Willson Properties Advisindo), a firm of independent professional valuers on 31 December 2009 (2008: 30 November 2008). The valuation was based on the discounted cash flow and net income capitalization method.

In determining the fair values, the valuers have used valuation methods that involve certain estimates. The key assumptions for the fair value calculations are as follows:

|                                                                                                                                 | 2009           | 2008           |
|---------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties | 12.5% to 13%   | 16%            |
| 2. Growth rates                                                                                                                 | 2.5% to 8.8%   | -6.8% to 23.4% |
| 3. Cash flow forecasts derived from the most recent financial budgets and plans approved by management                          | Note 1         | Note 1         |
| 4. Terminal discount rates                                                                                                      | 9.9% to 14.19% | 8% to 11%      |

Note 1: Discounted cash flow analysis over a 5-year projection (2008: 5-year) for the 8 retail malls, and over a 9-year projection (2008: 10-year) for the 7 retail spaces.

In relying on the valuation reports, the Manager is satisfied that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

Other details on the properties are disclosed in the Statement of Portfolio.

The types of property titles in Indonesia which are held by the Group are as follows:

### (a) Hak Guna Bangunan ("HGB") Title

This title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title where the state retains "ownership". But for practical purposes, there is only little difference from a freehold title. HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent 20-year period and another 30-year period. Upon the expiration of such extensions, new HGB title may be granted on the same land. The cost of extension is determined based on certain formula as stipulated by the National Land Office (Badan Pertanahan Nasional) in Indonesia. The commencement date of each title varies.

### (b) Build, Operate and Transfer Schemes ("BOT Schemes")

This title gives the Indonesia subsidiaries ("BOT Grantee") the right to build and operate the retail mall for a particular period of time as stipulated in the BOT Agreement by the land owner ("BOT Grantor"). A BOT scheme is not registered with any Indonesian authority. Rights under a BOT scheme do not amount to a legal title and represent only contractual interests.

In exchange for the right to build and operate the retail mall on the land owned by the BOT Grantor, the BOT Grantee is obliged to pay a certain compensation (as stipulated in the BOT agreement), which may be made in the form of a lump sum or staggered.

BOT scheme is granted for an initial period for 20 to 30 years and is extendable upon agreement of both parties. Upon the expiration of the term of the BOT agreement, the BOT Grantee must return the land, together with any buildings and fixtures on top of the land, without either party providing any form of compensation to the other.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 14. INVESTMENT PROPERTIES (Cont'd)

(c) Strata Title

This title gives the party who holds the property the ownership of common areas, common property and common land proportionately with other strata title unit owners.

(d) Hak Pengelolaan ("HPL") Title

A HPL Title provides the land owner the "right to manage" a land created by the state. The holder of a Right to Manage title may use the granted executing authority for the purpose of land utilization and allocation planning, utilization of the land related to the role of such Indonesian government entities, partial assignment of the land to third parties and/ or land management in cooperation with third parties.

(e) Kiosks Sale and Purchase Binding Agreement

This agreement could be entered prior to entering into a deed of sale and purchase of land. Under a Kiosks Sale and Purchase Binding Agreement, each of the parties agree on the terms and conditions for the sale and purchase but this agreement does not have the effect of transferring the ownership of the land to the other party. Instead, subject to certain conditions in the agreement, the vendor is bound to sell the land and the purchaser is bound to purchase the land. These agreements shall be executed in good faith and cannot be revoked except by mutual agreement or pursuant to certain reasons which have been legally declared as sufficient.

The investment properties are leased out to tenants under operating leases.

## 15. INVESTMENTS IN SUBSIDIARIES

|                                                                                 | Trust            |                  |
|---------------------------------------------------------------------------------|------------------|------------------|
|                                                                                 | 2009             | 2008             |
|                                                                                 | \$'000           | \$'000           |
| Unquoted equity shares, at cost                                                 | 581,454          | 581,454          |
| Redeemable preference shares, at cost                                           | 293,033          | 303,549          |
| Quasi equity loans <sup>(1)</sup>                                               | 38,997           | 45,806           |
| Less: Allowance for Impairment                                                  | (1,558)          | (113,702)        |
|                                                                                 | <u>911,926</u>   | <u>817,107</u>   |
| Net book value of subsidiaries                                                  | <u>1,050,622</u> | <u>819,827</u>   |
| Analysis of above amount denominated in non-functional currency:                |                  |                  |
| United States Dollars                                                           | 12,226           | 12,226           |
| Indonesian Rupiah                                                               | <u>807,768</u>   | <u>710,281</u>   |
| <u>Movements in allowance for impairment:</u>                                   |                  |                  |
| Balance at beginning of the year/date of constitution                           | (113,702)        | –                |
| Impairment loss reversed (charged) to statements of total return <sup>(2)</sup> | <u>112,144</u>   | <u>(113,702)</u> |
| Balance at end of the year                                                      | <u>(1,558)</u>   | <u>(113,702)</u> |

<sup>(1)</sup> The quasi-equity loans are unsecured, interest-free loans to three Singapore subsidiaries with no fixed repayment terms. They are, in substance, part of the LMIR Trust's net investment in the subsidiaries.

<sup>(2)</sup> Impairment losses of certain subsidiaries were reversed during the year due to the increase in the properties valuations given the improved performance in the retail sector in Indonesia.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 15. INVESTMENTS IN SUBSIDIARIES (Cont'd)

The subsidiaries held by LMIR Trust and the Group are listed below:

| Name of Subsidiaries,<br>Country of Incorporation<br>and Place of Operations | Principal Activities | Cost in Books of Group |         | Effective Percentage of<br>Equity Held by Group |      |
|------------------------------------------------------------------------------|----------------------|------------------------|---------|-------------------------------------------------|------|
|                                                                              |                      | 2009                   | 2008    | 2009                                            | 2008 |
|                                                                              |                      | \$'000                 | \$'000  | %                                               | %    |
| Singapore                                                                    |                      |                        |         |                                                 |      |
| Belilios International Pte Ltd <sup>(b)</sup>                                | Investment holding   | 84,182                 | 84,314  | 100                                             | 100  |
| Dominion Capital Pte Ltd <sup>(b)</sup>                                      | Investment holding   | 65,312                 | 65,707  | 100                                             | 100  |
| Greenlot Investments Pte Ltd <sup>(b)</sup>                                  | Investment holding   | 74,865                 | 76,390  | 100                                             | 100  |
| Tangent Investments Pte Ltd <sup>(b)</sup>                                   | Investment holding   | 99,802                 | 101,906 | 100                                             | 100  |
| Magnus Investments Pte Ltd <sup>(b)</sup>                                    | Investment holding   | 101,042                | 103,713 | 100                                             | 100  |
| Thornton Investments Pte Ltd <sup>(b)</sup>                                  | Investment holding   | 51,069                 | 52,422  | 100                                             | 100  |
| Pierbridge Investments Pte Ltd <sup>(b)</sup>                                | Investment holding   | 173,758                | 175,379 | 100                                             | 100  |
| Great Properties Pte Ltd <sup>(b)</sup>                                      | Investment holding   | 46,021                 | 46,021  | 100                                             | 100  |
| Grace Capital Pte Ltd <sup>(b)</sup>                                         | Investment holding   | 36,886                 | 43,696  | 100                                             | 100  |
| Realty Overseas Pte Ltd <sup>(b)</sup>                                       | Investment holding   | 20,547                 | 20,547  | 100                                             | 100  |
| Java Properties Pte Ltd <sup>(b)</sup>                                       | Investment holding   | 20,906                 | 21,188  | 100                                             | 100  |
| Serpong Properties Pte Ltd <sup>(b)</sup>                                    | Investment holding   | 20,611                 | 20,739  | 100                                             | 100  |
| Metropolis Properties Pte Ltd <sup>(b)</sup>                                 | Investment holding   | 27,669                 | 27,669  | 100                                             | 100  |
| Matos Properties Pte Ltd <sup>(b)</sup>                                      | Investment holding   | 21,070                 | 21,070  | 100                                             | 100  |
| Detos Properties Pte Ltd <sup>(b)</sup>                                      | Investment holding   | 21,168                 | 21,168  | 100                                             | 100  |

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 15. INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of Subsidiaries,<br>Country of Incorporation<br>and Place of Operations | Principal Activities         | Cost in Books of Group |        | Effective Percentage of<br>Equity Held by Group |      |
|------------------------------------------------------------------------------|------------------------------|------------------------|--------|-------------------------------------------------|------|
|                                                                              |                              | 2009                   | 2008   | 2009                                            | 2008 |
|                                                                              |                              | \$'000                 | \$'000 | %                                               | %    |
| Singapore (Cont'd)                                                           |                              |                        |        |                                                 |      |
| Palladium Properties Pte Ltd <sup>(b)</sup>                                  | Investment holding           | 21,573                 | 21,573 | 100                                             | 100  |
| Madiun Properties Pte Ltd <sup>(b)</sup>                                     | Investment holding           | 27,003                 | 27,307 | 100                                             | 100  |
| Prism Investments Pte Ltd <sup>(b)</sup>                                     | Investment holding           | 765                    | 765    | 100                                             | 100  |
| Silver Dory Holdings Pte Ltd <sup>(b)</sup>                                  | Investment holding           | 765                    | 765    | 100                                             | 100  |
| Vernon Investments Pte Ltd <sup>(b)</sup>                                    | Investment holding           | 89                     | 89     | 100                                             | 100  |
| Maxia Investments Pte Ltd <sup>(b)</sup>                                     | Investment holding           | 535                    | 535    | 100                                             | 100  |
| Fenton Investments Pte Ltd <sup>(b)</sup>                                    | Investment holding           | 1,256                  | 1,256  | 100                                             | 100  |
| Langston Investments Pte Ltd <sup>(b)</sup>                                  | Investment holding           | 60                     | 60     | 100                                             | 100  |
| Bowland Investments Pte Ltd <sup>(b)</sup>                                   | Investment holding           | 161                    | 161    | 100                                             | 100  |
| Indonesia                                                                    |                              |                        |        |                                                 |      |
| PT Graha Baru Raya <sup>(a)</sup>                                            | Owner of Gajah Mada Plaza    | 805                    | 805    | 100                                             | 100  |
| PT Graha Nusa Raya <sup>(a)</sup>                                            | Owner of Mal Lippo Cikarang  | 805                    | 805    | 100                                             | 100  |
| PT Cibubur Utama <sup>(a)</sup>                                              | Owner of Cibubur Junction    | 1,772                  | 1,772  | 100                                             | 100  |
| PT Megah Semesta Abadi <sup>(a)</sup>                                        | Owner of Bandung Indah Plaza | 10,692                 | 10,692 | 100                                             | 100  |
| PT Suryana Istana Pasundan <sup>(a)</sup>                                    | Owner of Istana Plaza        | 25,112                 | 25,112 | 100                                             | 100  |
| PT Indah Pesona Bogor <sup>(a)</sup>                                         | Owner of Ekalokasari Plaza   | 1,208                  | 1,208  | 100                                             | 100  |

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 15. INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of Subsidiaries,<br>Country of Incorporation<br>and Place of Operations | Principal Activities                        | Cost in Books of Group |        | Effective Percentage of<br>Equity Held by Group |      |
|------------------------------------------------------------------------------|---------------------------------------------|------------------------|--------|-------------------------------------------------|------|
|                                                                              |                                             | 2009                   | 2008   | 2009                                            | 2008 |
|                                                                              |                                             | \$'000                 | \$'000 | %                                               | %    |
| Indonesia (Cont'd)                                                           |                                             |                        |        |                                                 |      |
| PT Primatama Nusa Indah <sup>(a)</sup>                                       | Owner of<br>The Plaza Semanggi              | 3,222                  | 3,222  | 100                                             | 100  |
| PT Manunggal Wiratama <sup>(a)</sup>                                         | Owner of<br>Sun Plaza                       | 9,835                  | 9,835  | 100                                             | 100  |
| PT Dinamika Serpong <sup>(a)</sup>                                           | Owner of<br>Mall WTC Matahari<br>Units      | 805                    | 805    | 100                                             | 100  |
| PT Gema Metropolis Modern <sup>(a)</sup>                                     | Owner of<br>Metropolis Town Square<br>Units | 805                    | 805    | 100                                             | 100  |
| PT Matos Surya Perkasa <sup>(a)</sup>                                        | Owner of<br>Malang Town Square<br>Units     | 805                    | 805    | 100                                             | 100  |
| PT Megah Detos Utama <sup>(a)</sup>                                          | Owner of<br>Depok Town Square<br>Units      | 805                    | 805    | 100                                             | 100  |
| PT Palladium Megah Lestari <sup>(a)</sup>                                    | Owner of<br>Grand Palladium Medan<br>Units  | 805                    | 805    | 100                                             | 100  |
| PT Madiun Ritelindo <sup>(a)</sup>                                           | Owner of<br>Plaza Madiun                    | 805                    | 805    | 100                                             | 100  |
| PT Java Mega Jaya <sup>(a)</sup>                                             | Owner of<br>Java Supermall<br>Units         | 805                    | 805    | 100                                             | 100  |

<sup>(a)</sup> Audited by RSM Aryanto Amir Jusuf & Mawar (RSM AAJ Associates), member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

<sup>(b)</sup> Audited by RSM Chio Lim LLP in Singapore.

The redeemable preference shares are redeemable at the option of the subsidiaries.

The share certificates of some subsidiaries are pledged as security for bank facilities (see Note 22A).

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 16. OTHER FINANCIAL ASSETS

|                                                                                         | Group and Trust |        |
|-----------------------------------------------------------------------------------------|-----------------|--------|
|                                                                                         | 2009            | 2008   |
|                                                                                         | \$'000          | \$'000 |
| Balance is made up of:                                                                  |                 |        |
| <u>Investments available-for-sale at fair value through statements of total return:</u> |                 |        |
| Derivatives financial instruments (Note 26)                                             | –               | 63,883 |
| Presented in the statements of financial position as:                                   |                 |        |
| Non-current portion                                                                     | –               | 52,348 |
| Current portion                                                                         | –               | 11,535 |
|                                                                                         | –               | 63,883 |

## 17. TRADE AND OTHER RECEIVABLES, CURRENT

|                                                                                                                                | Group   |         | Trust  |        |
|--------------------------------------------------------------------------------------------------------------------------------|---------|---------|--------|--------|
|                                                                                                                                | 2009    | 2008    | 2009   | 2008   |
|                                                                                                                                | \$'000  | \$'000  | \$'000 | \$'000 |
| <u>Trade receivables:</u>                                                                                                      |         |         |        |        |
| Outside parties                                                                                                                | 10,866  | 13,609  | 111    | 144    |
| Related parties (Note 3)                                                                                                       | 773     | 108     | –      | –      |
| Less: Allowance for impairment                                                                                                 | (7,109) | (7,039) | –      | –      |
| Subtotal                                                                                                                       | 4,530   | 6,678   | 111    | 144    |
| <u>Other receivables:</u>                                                                                                      |         |         |        |        |
| Subsidiaries (Notes 3)                                                                                                         | –       | –       | 17,356 | 8,039  |
| Other receivables                                                                                                              | 4,187   | 2,159   | 161    | 120    |
| Subtotal                                                                                                                       | 4,187   | 2,159   | 17,517 | 8,159  |
| Total trade and other receivables                                                                                              | 8,717   | 8,837   | 17,628 | 8,303  |
| <u>Movements in above allowance:</u>                                                                                           |         |         |        |        |
| Balance at beginning of the year/date of constitution                                                                          | (7,039) | –       | –      | –      |
| Effect of changes in exchange rates                                                                                            | (368)   | –       | –      | –      |
| Reversed (Charged) for trade receivables to statements of total return included in other credits (property operating expenses) | 298     | (7,039) | –      | –      |
| Balance at end of the year                                                                                                     | (7,109) | (7,039) | –      | –      |

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants and credit policy of obtaining security deposits from most tenants for leasing the Group's investment properties. These tenants comprise of retailers engaged in a wide variety of consumer trades. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables where the tenants have given notice of termination of their leases.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 18. OTHER ASSETS, CURRENT

|             | Group  |        | Trust  |        |
|-------------|--------|--------|--------|--------|
|             | 2009   | 2008   | 2009   | 2008   |
|             | \$'000 | \$'000 | \$'000 | \$'000 |
| Prepayments | 370    | 195    | 4      | 37     |
| Prepaid tax | 11,745 | 10,295 | –      | –      |
|             | 12,115 | 10,490 | 4      | 37     |

## 19. CASH AND CASH EQUIVALENTS

|                           | Group   |        | Trust  |        |
|---------------------------|---------|--------|--------|--------|
|                           | 2009    | 2008   | 2009   | 2008   |
|                           | \$'000  | \$'000 | \$'000 | \$'000 |
| Not restricted in use     | 111,303 | 94,455 | –      | –      |
| Interest earning balances | 109,674 | 87,134 | –      | –      |

The rate of interest for the cash on interest earning accounts is between 0.01% and 12.5% (2008: 0.15% and 14%) per year.

### 19A. Cash and Cash Equivalents in the Statement of Cash Flows:

|                       | Group   |        | Trust  |        |
|-----------------------|---------|--------|--------|--------|
|                       | 2009    | 2008   | 2009   | 2008   |
|                       | \$'000  | \$'000 | \$'000 | \$'000 |
| Amount as shown above | 111,303 | 94,455 | –      | –      |

### 19B. Non-Cash Transactions

During the year, there were units issued as settlement of the performance fee element of the Manager's management fees (Note 7).

## 20. TOTAL UNITHOLDERS' FUNDS

|                                                                                       | Group         |               | Trust         |               |
|---------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                                                       | 2009          | 2008          | 2009          | 2008          |
|                                                                                       | \$'000        | \$'000        | \$'000        | \$'000        |
| Net assets attributable to unit holders at beginning of the year/date of constitution | 768,162       | –             | 748,508       | –             |
| Net proceeds from issue of units                                                      | 2,710         | 816,407       | 2,710         | 816,407       |
| Total return (loss) for the financial year                                            | 39,806        | 168,129       | 54,529        | (11,633)      |
| Currency translation reserve <sup>(a)</sup>                                           | 125,627       | (160,108)     | –             | –             |
| Distributions                                                                         | (44,794)      | (56,266)      | (44,794)      | (56,266)      |
| Net assets attributable to unit holders at end of the year                            | 891,511       | 768,162       | 760,953       | 748,508       |
| Units in issue (Note 21)                                                              | 1,074,848,703 | 1,065,959,234 | 1,074,848,703 | 1,065,959,234 |

<sup>(a)</sup> The currency translation reserve comprises of foreign exchange differences arising from the translation of the financial statements of foreign operations.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 20. TOTAL UNITHOLDERS' FUNDS (Cont'd)

|                                                                                             | Group |       | Trust |       |
|---------------------------------------------------------------------------------------------|-------|-------|-------|-------|
|                                                                                             | 2009  | 2008  | 2009  | 2008  |
|                                                                                             | Cents | Cents | Cents | Cents |
| Net assets attributable to unitholders per unit (in cents)                                  | 82.94 | 72.06 | 70.80 | 70.22 |
| Adjusted notional net assets attributable to unitholders per unit (in cents) <sup>(b)</sup> | 75.19 | 67.29 | 70.80 | 70.22 |

<sup>(b)</sup> Excludes the fair value changes on the investment properties.

At 31 December 2009, 1,566,602 units are issuable as settlement for the performance fee element of the Manager's management fees for the quarter ended 31 December 2009 (Notes 7 and 32).

The issue price for determining the number of units issued and issuable as Manager's management fees is calculated based on the volume weighted average traded price for all trades done on Singapore Exchange Securities Trading Limited (the "SGX-ST") in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter end date.

The transaction costs for the issuance of the units during the year totaled Nil (2008: \$34,962,000). Included in 2008's transaction costs were fees of \$900,000 paid to the auditors as reporting accountants.

Each unit in LMIR Trust presents an undivided interest in LMIR Trust. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- receive audited financial statements and the annual report of LMIR Trust; and
- participate in the termination of LMIR Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of LMIR Trust less any liabilities, in accordance with their proportionate interests in LMIR Trust.

No unitholder has a right to require that any assets of LMIR Trust be transferred to him.

Further, unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- LMIR Trust ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any unit. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of LMIR Trust in the event that the liabilities of LMIR Trust exceeds its assets.

Under the Trust Deed, every unit carries the same voting rights.

The objectives when managing capital are: to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders, and to provide an adequate return to unitholders by pricing products and services commensurately with the level of risk. The Manager sets the amount of capital in proportion to risk. The Manager manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in economic conditions and the risk characteristics of the underlying assets. Also see Note 12 on distribution policy.

## Notes to the Financial Statements (Cont'd)

31 December 2009

### 20. TOTAL UNITHOLDERS' FUNDS (Cont'd)

The Group's long-term policy is that net debt should be in the low range of the amount in statements of financial position. This policy aims to ensure that the Group both maintains a good credit rating and lowers its net of tax weighted average cost of capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity.

|                                        | Group     |           | Trust    |          |
|----------------------------------------|-----------|-----------|----------|----------|
|                                        | 2009      | 2008      | 2009     | 2008     |
|                                        | \$'000    | \$'000    | \$'000   | \$'000   |
| Net debt:                              |           |           |          |          |
| All current and non-current borrowings |           |           |          |          |
| including finance leases               | 119,332   | 119,757   | 118,315  | 118,852  |
| Less cash and cash equivalents         | (111,303) | (94,455)  | –        | –        |
| Net debt                               | 8,029     | 25,302    | 118,315  | 118,852  |
| Net capital:                           |           |           |          |          |
| Issued equity                          | 819,117   | 816,407   | 819,117  | 816,407  |
| Retained earnings (accumulated losses) | 151,669   | 168,129   | (13,370) | (11,633) |
| Currency translation reserves          | (34,481)  | (160,108) | –        | –        |
| Distributions                          | (44,794)  | (56,266)  | (44,794) | (56,266) |
| Net capital                            | 891,511   | 768,162   | 760,953  | 748,508  |
| Debt-to-adjusted capital ratio         | 0.9%      | 3.29%     | 15.55%   | 15.88%   |

The only externally imposed capital requirement is that for the Group to maintain its listing on the SGX-ST it has to have issued equity with at least a free float of at least 10% of the units. Management receives a report from the registrars frequently on substantial unit interests showing the non-free float and it demonstrated continuing compliance with the SGX-ST 10% limit throughout the year.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 35% of the Group's deposited property. The aggregate leverage of the Group may exceed 35% of the Group's deposited property (up to a maximum of 60%) only if the credit rating of the Group is obtained and disclosed to the public. The Group met the aggregate leverage ratio as at the end of the financial year.

### 21. UNITS IN ISSUE

|                                                     | Group and Trust |               |
|-----------------------------------------------------|-----------------|---------------|
|                                                     | 2009            | 2008          |
| Units at beginning of the year/date of constitution | 1,065,959,234   | –             |
| Units created in the IPO Exercise                   | –               | 1,060,414,000 |
| Manager's Management Fees settled in Units          | 8,889,469       | 5,545,234     |
| Units at end of the year                            | 1,074,848,703   | 1,065,959,234 |

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 22. OTHER FINANCIAL LIABILITIES

|                                                  | Group   |         | Trust   |         |
|--------------------------------------------------|---------|---------|---------|---------|
|                                                  | 2009    | 2008    | 2009    | 2008    |
|                                                  | \$'000  | \$'000  | \$'000  | \$'000  |
| <u>Non-current:</u>                              |         |         |         |         |
| Bank loan (secured) (Note 22A)                   | 118,316 | 118,852 | 118,316 | 118,852 |
| Finance lease (Note 22B)                         | 1,014   | 879     | –       | –       |
| Derivatives financial instruments (Note 26)      | 23,629  | 616     | 23,629  | 616     |
| Non-current, total                               | 142,959 | 120,347 | 141,945 | 119,468 |
| <u>Current:</u>                                  |         |         |         |         |
| Finance lease (Note 22B)                         | 2       | 26      | –       | –       |
| Derivatives financial instruments (Note 26)      | 7,953   | 883     | 7,953   | 883     |
| Current, total                                   | 7,955   | 909     | 7,953   | 883     |
| Total                                            | 150,914 | 121,256 | 149,898 | 120,351 |
| The non-current portion is repayable as follows: |         |         |         |         |
| Due within 2 to 5 years                          | 141,988 | 119,474 | 141,945 | 119,468 |
| After 5 years                                    | 971     | 873     | –       | –       |
| Total non-current portion                        | 142,959 | 120,347 | 141,945 | 119,468 |

### 22A. Bank Loan (Secured)

|                                   | Group   |         | Trust   |         |
|-----------------------------------|---------|---------|---------|---------|
|                                   | 2009    | 2008    | 2009    | 2008    |
|                                   | \$'000  | \$'000  | \$'000  | \$'000  |
| Bank loan (secured)               | 125,000 | 125,000 | 125,000 | 125,000 |
| Less: Amortised transaction costs | (6,684) | (6,148) | (6,684) | (6,148) |
|                                   | 118,316 | 118,852 | 118,316 | 118,852 |

The bank loan is repayable on 26 March 2012. During the year, the bank loan tenure period was changed from 5 years (repayable on 26 March 2013) to 4 years (repayable on 26 March 2012). Interest is payable quarterly. However, as described in Note 26B, an interest rate swap has been entered into that effectively converts interest rates to fixed rates.

The range of floating rate interest rates paid were as follows:

|                     | Group and Trust |                |
|---------------------|-----------------|----------------|
|                     | 2009            | 2008           |
| Bank loan (secured) | 3.82% to 4.30%  | 4.43% to 4.64% |

The carrying amounts of the current and non-current portions are assumed to be a reasonable approximation of fair values.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 22. OTHER FINANCIAL LIABILITIES (Cont'd)

### 22A. Bank Loan (Secured) (Cont'd)

LMIR Trust has covenants for the above loan facility which require LMIR Trust:

- (i) To procure that none of its subsidiaries will create or have any outstanding security over the retail malls and spaces, the shares and the charged assets (collectively "Relevant Assets").
- (ii) Shall not without prior consent in writing from the lender:
  - (a) Sell, transfer or dispose any of the Relevant Assets on terms whereby they are leased or re-acquired by any other members of the Group;
  - (b) Sell, transfer or dispose any of its receivables in relation to the Relevant Assets on recourse terms;
  - (c) Enter into any arrangement in relation to the Relevant Assets, under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts;
  - (d) Enter into any preferential arrangement in relation to the Relevant Assets having a similar effect;

in circumstances where the arrangement or transaction is entered into primarily as a method of raising financial indebtedness or of financing the acquisition of an asset.

The bank loan is also secured with the share certificates of some subsidiaries pledged to the lender.

### 22B. Finance Lease

| Group                                  | Minimum<br>payments<br>\$'000 | Finance<br>charges<br>\$'000 | Present<br>value<br>\$'000 |
|----------------------------------------|-------------------------------|------------------------------|----------------------------|
| <u>2009:</u>                           |                               |                              |                            |
| <u>Minimum lease payments payable:</u> |                               |                              |                            |
| Due within one year                    | 3                             | (1)                          | 2                          |
| Due within 2 to 5 years                | 44                            | (1)                          | 43                         |
| Due after 5 years                      | 1,005                         | (34)                         | 971                        |
| Total                                  | 1,052                         | (36)                         | 1,016                      |
| <u>2008:</u>                           |                               |                              |                            |
| <u>Minimum lease payments payable:</u> |                               |                              |                            |
| Due within one year                    | 27                            | (1)                          | 26                         |
| Due within 2 to 5 years                | 7                             | (1)                          | 6                          |
| Due after 5 years                      | 902                           | (29)                         | 873                        |
| Total                                  | 936                           | (31)                         | 905                        |

Finance lease represents Build, Operate and Transfer (BOT) fees payable. PT Cibubur Utama ("Cibubur") entered into a BOT agreement with Perusahaan Daerah Pembangunan Sarana Jaya DKI Jakarta ("Sarana"). PT Cibubur has the right to build, operate and transfer the property for a period of 20 years commencing July 2005 and the first priority to extend the agreement.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 22. OTHER FINANCIAL LIABILITIES (Cont'd)

### 22B. Finance Lease (Cont'd)

Cibubur has the following outstanding payment obligations to Sarana:

- (a) US\$2,260,000 including VAT that is to be paid by instalments from the year 2004 until 2024 as follows:
  - (i) US\$ 75,500 per year for the first 5 years.
  - (ii) US\$100,500 per year for the second 5 years.
  - (iii) US\$125,500 per year for the third 5 years.
  - (iv) US\$150,500 per year for the fourth 5 years.

The pegged rate of payment shall be US\$1 equal to Rp. 8,500.

- (b) Goodwill compensation of Rp. 1,500,000,000 that was paid/to be paid as follows:
  - (i) Rp. 500,000,000 was paid on 20 December 2004 and
  - (ii) Rp. 1,000,000,000 was paid from 2005 until 2009 in 5 instalments of Rp. 200,000,000 per year with the first instalment commencing 1 February 2005.
- (c) Monitoring fee of Rp. 5,000,000 per month including VAT that is to be paid quarterly on 15 January, 15 April, 15 July and 15 October from 2004 until 2024.

The fixed rate of interest for finance lease is 14% per year. The finance lease is on fixed repayment term and no arrangements have been entered into for contingent rental payments.

The carrying amount of the lease liabilities is not significantly different from the fair value.

## 23. OTHER LIABILITIES, NON-CURRENT

|                 | Group  |        | Trust  |        |
|-----------------|--------|--------|--------|--------|
|                 | 2009   | 2008   | 2009   | 2008   |
|                 | \$'000 | \$'000 | \$'000 | \$'000 |
| Deferred income | 84,788 | 75,083 | —      | —      |

This is for the rental received in advance from the respective tenants.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 24. TRADE AND OTHER PAYABLES, CURRENT

|                                         | Group  |        | Trust  |        |
|-----------------------------------------|--------|--------|--------|--------|
|                                         | 2009   | 2008   | 2009   | 2008   |
|                                         | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Trade payables:</u>                  |        |        |        |        |
| Outside parties and accrued liabilities | 2,801  | 2,131  | 2,366  | 2,035  |
| Related parties (Note 3)                | 310    | 71     | –      | –      |
| Sub-total                               | 3,111  | 2,202  | 2,366  | 2,035  |
| <u>Other payables:</u>                  |        |        |        |        |
| Subsidiaries (Notes 3)                  | –      | –      | 16,341 | 15,419 |
| Other payables                          | 1,526  | 4,676  | –      | 3,017  |
| Sub-total                               | 1,526  | 4,676  | 16,341 | 18,436 |
| Total trade and other payables, current | 4,637  | 6,878  | 18,707 | 20,471 |

## 25. OTHER LIABILITIES, CURRENT

|                                | Group  |        | Trust  |        |
|--------------------------------|--------|--------|--------|--------|
|                                | 2009   | 2008   | 2009   | 2008   |
|                                | \$'000 | \$'000 | \$'000 | \$'000 |
| Security deposits from tenants | 11,851 | 8,744  | –      | –      |

## 26. DERIVATIVES FINANCIAL INSTRUMENTS

The table below summarises the fair value of derivatives engaged into at the end of year.

|                                                                         | Group and Trust |         |
|-------------------------------------------------------------------------|-----------------|---------|
|                                                                         | 2009            | 2008    |
|                                                                         | \$'000          | \$'000  |
| Assets – Derivatives with positive fair values:                         |                 |         |
| Non-hedging instruments – Forward foreign exchange contracts (Note 26A) | –               | 63,883  |
| Non-current portion (Note 16)                                           | –               | 52,348  |
| Current portion (Note 16)                                               | –               | 11,535  |
|                                                                         | –               | 63,883  |
| Liabilities – Derivatives with negative fair values:                    |                 |         |
| Non-hedging instruments - Forward foreign exchange contracts (Note 26A) | (29,599)        | –       |
| Interest rate swap (Note 26B)                                           | (1,983)         | (1,499) |
|                                                                         | (31,582)        | (1,499) |
| Non-current portion (Note 22)                                           | (23,629)        | (616)   |
| Current portion (Note 22)                                               | (7,953)         | (883)   |
|                                                                         | (31,582)        | (1,499) |
| The movements during the year were as follows:                          |                 |         |
| Balance at the beginning of the year/date of constitution               | 62,384          | –       |
| (Losses) Gains recognised in statements of total return                 | (93,966)        | 62,384  |
| Total net balance at end of the year                                    | (31,582)        | 62,384  |

The fair values of the derivatives are estimated based on market values of equivalent instruments at the end of the reporting year.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 26. DERIVATIVES FINANCIAL INSTRUMENTS (Cont'd)

### 26A. Forward Currency Contracts

This includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

|                           | Principal      |                | Reference<br>currency | Maturity    | Fair value      |                |
|---------------------------|----------------|----------------|-----------------------|-------------|-----------------|----------------|
|                           | 2009<br>\$'000 | 2008<br>\$'000 |                       |             | 2009<br>\$'000  | 2008<br>\$'000 |
| Forward currency contract | 48,479         | 63,373         | Indonesian<br>Rupiah  | 15 May 2013 | (10,263)        | 7,355          |
| Forward currency contract | 223,938        | 285,839        | Indonesian<br>Rupiah  | 15 Nov 2013 | (19,336)        | 56,528         |
|                           | <u>272,417</u> | <u>349,212</u> |                       |             | <u>(29,599)</u> | <u>63,883</u>  |

The purpose of these forward currency contracts is to mitigate the fluctuations of income denominated in Indonesian Rupiah arising from (i) dividends received or receivable from the Singapore subsidiaries, and (ii) capital receipts from the redemption of redeemable preference shares by the Singapore subsidiaries.

### 26B. Interest Rate Swap

The notional amount of interest rate swap is \$125,000,000 (2008: \$125,000,000). It is designated to convert floating rate borrowings to fixed rate exposure for the next two years at 2.03% (2008: 2.03%) per year. The interest rate swap expires on 31 May 2011.

### 26C. Fair Values of Derivatives Financial Instruments

Both forward currency contracts and the interest rate swap are not traded in an active market. As a result, their fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price. The fair value is regarded as a level 2 fair value measurement for financial instruments (Note 28C.2).

The fair value of forward currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The fair value of interest rate swap is determined on the basis of the current value of the difference between the contractual interest rate and the market rate at the end of the reporting year. The fair value is regarded as a level 2 fair value measurement for financial instruments (Note 28C.2).

## 27. FINANCIAL RATIOS

|                                                   | Group |       | Trust |       |
|---------------------------------------------------|-------|-------|-------|-------|
|                                                   | 2009  | 2008  | 2009  | 2008  |
| Expenses to average net assets <sup>(1)</sup>     |       |       |       |       |
| – expense ratio excluding performance-related fee | 0.40% | 1.00% | 0.47% | 1.02% |
| – expense ratio including performance-related fee | 0.74% | 1.46% | 0.86% | 1.50% |
| Portfolio turnover rate <sup>(2)</sup>            | –     | –     | –     | –     |

<sup>(1)</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group and Trust level, excluding property related expenses, borrowing costs, foreign exchange losses (gains), tax deducted at source and costs associated with the purchase of investments.

<sup>(2)</sup> Turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales of underlying investments of a scheme expressed as a percentage of daily average net asset value.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 28A. Classification of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

|                                                                                                                    | Group   |         | Trust   |         |
|--------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|
|                                                                                                                    | 2009    | 2008    | 2009    | 2008    |
|                                                                                                                    | \$'000  | \$'000  | \$'000  | \$'000  |
| <u>Financial assets:</u>                                                                                           |         |         |         |         |
| Cash and bank balances                                                                                             | 111,303 | 94,455  | –       | –       |
| Financial assets at fair value through statements of total return designated as such upon initial recognition      | –       | 63,883  | –       | 63,883  |
| Loans and receivables                                                                                              | 8,717   | 8,837   | 17,628  | 8,303   |
| At end of the year                                                                                                 | 120,020 | 167,175 | 17,628  | 72,186  |
| <u>Financial liabilities:</u>                                                                                      |         |         |         |         |
| Financial liabilities at fair value through statements of total return designated as such upon initial recognition | 31,582  | 1,499   | 31,582  | 1,499   |
| Measured at amortised cost:                                                                                        |         |         |         |         |
| – Borrowings                                                                                                       | 118,316 | 118,852 | 118,316 | 118,852 |
| – Trade and other payables                                                                                         | 4,637   | 6,878   | 18,707  | 20,471  |
| – Finance lease                                                                                                    | 1,016   | 905     | –       | –       |
| At end of the year                                                                                                 | 155,551 | 128,134 | 168,605 | 140,822 |

Further quantitative disclosures are included throughout these financial statements.

### 28B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The management has certain practices for the management of financial risks and actions to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. Enter into derivatives or any other similar instruments solely for hedging purposes.
4. All financial risk management activities are carried out and monitored by senior management staff.
5. All financial risk management activities are carried out following good market practices.
6. May consider investing in shares or similar instruments.

The chief financial officer of the Manager who monitors the procedures reports to the board of directors of the Manager.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

### 28C. Fair Values of Financial Instruments

#### 28C.1. Fair value of financial instruments stated at amortised cost in the statement of financial position

The financial assets and financial liabilities at amortised cost are at a carrying amount that is a reasonable approximation of fair value.

The methods and valuation techniques used and the assumptions applied in determining fair values of financial assets or financial liabilities that are not traded in an active market are disclosed in Note 26C.

#### 28C.2. Fair value measurements recognised in the statement of financial position

The fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels are: Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Group and Trust

Level 2  
\$'000

At 31 December 2009:

Financial liabilities at fair value:

Derivatives financial instruments

31,582

At 31 December 2008:

Financial assets at fair value through statements of total return:

Derivatives financial instruments

63,883

Financial liabilities at fair value:

Derivatives financial instruments

1,499

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy.

The methods and valuation techniques used and the assumptions applied in determining fair values of derivatives financial instruments is disclosed in Note 26C.

### 28D. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables, and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks and any derivative financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in statements of total return. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers.

All unencumbered bank deposits with the banks licensed by the Monetary Authority of Singapore are guaranteed by the Singapore Government until 31 December 2010. At the end of the year the balance with the banks in Singapore was \$45,227,036 (2008: \$60,303,554). The remaining bank deposits are deposited with banks in Indonesia.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

### 28D. Credit Risk on Financial Assets (Cont'd)

Note 19 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 days (2008: 30 days). But some customers take a longer period to settle the amounts.

Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

|                    | Group  |        | Trust  |        |
|--------------------|--------|--------|--------|--------|
|                    | 2009   | 2008   | 2009   | 2008   |
|                    | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade receivables: |        |        |        |        |
| Less than 30 days  | 2,905  | 2,945  | 5      | 2      |
| 31 – 60 days       | 636    | 642    | 2      | 136    |
| 61 – 90 days       | 424    | 1,460  | 104    | 6      |
| Over 91 days       | 565    | 1,631  | –      | –      |
| At end of year     | 4,530  | 6,678  | 111    | 144    |

The allowance is based on individual accounts totalling \$7,109,000 (2008: \$7,039,000) that are determined to be impaired at the year end date. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

There is no concentration of credit risk with respect to trade receivables, as there are a large number of tenants.

### 28E. Liquidity Risk

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

|                                              | Less than<br>1 year<br>\$'000 | 1 – 3<br>years<br>\$'000 | 3 – 5<br>years<br>\$'000 | Over<br>5 years<br>\$'000 | Total<br>\$'000 |
|----------------------------------------------|-------------------------------|--------------------------|--------------------------|---------------------------|-----------------|
| <u>Non-derivative financial liabilities:</u> |                               |                          |                          |                           |                 |
| <u>2009:</u>                                 |                               |                          |                          |                           |                 |
| <u>Group</u>                                 |                               |                          |                          |                           |                 |
| Gross borrowings commitments                 | –                             | 118,316                  | –                        | –                         | 118,316         |
| Gross finance lease obligations              | 3                             | 3                        | 41                       | 1,005                     | 1,052           |
| Trade and other payables                     | 4,637                         | –                        | –                        | –                         | 4,637           |
| At end of the year                           | 4,640                         | 118,319                  | 41                       | 1,005                     | 124,005         |
| <u>Trust</u>                                 |                               |                          |                          |                           |                 |
| Gross borrowings commitments                 | –                             | 118,316                  | –                        | –                         | 118,316         |
| Trade and other payables                     | 18,707                        | –                        | –                        | –                         | 18,707          |
| At end of the year                           | 18,707                        | 118,316                  | –                        | –                         | 137,023         |

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

### 28E. Liquidity Risk (Cont'd)

|                                              | Less than<br>1 year<br>\$'000 | 1 – 3<br>years<br>\$'000 | 3 – 5<br>years<br>\$'000 | Over<br>5 years<br>\$'000 | Total<br>\$'000 |
|----------------------------------------------|-------------------------------|--------------------------|--------------------------|---------------------------|-----------------|
| <u>Non-derivative financial liabilities:</u> |                               |                          |                          |                           |                 |
| <u>2008:</u>                                 |                               |                          |                          |                           |                 |
| <u>Group</u>                                 |                               |                          |                          |                           |                 |
| Gross borrowings commitments                 | –                             | –                        | 118,852                  | –                         | 118,852         |
| Gross finance lease obligations              | 27                            | 3                        | 4                        | 902                       | 936             |
| Trade and other payables                     | 6,878                         | –                        | –                        | –                         | 6,878           |
| At end of the year                           | 6,905                         | 3                        | 118,856                  | 902                       | 126,666         |
| <u>Trust</u>                                 |                               |                          |                          |                           |                 |
| Gross borrowings commitments                 | –                             | –                        | 118,852                  | –                         | 118,852         |
| Trade and other payables                     | 20,471                        | –                        | –                        | –                         | 20,471          |
| At end of the year                           | 20,471                        | –                        | 118,852                  | –                         | 139,323         |

The following table analyses the derivative financial liabilities by remaining contractual maturity:

|                                          | Less than<br>1 year<br>\$'000 | 1 – 3<br>years<br>\$'000 | Total<br>\$'000 |
|------------------------------------------|-------------------------------|--------------------------|-----------------|
| <u>Derivative financial liabilities:</u> |                               |                          |                 |
| <u>2009:</u>                             |                               |                          |                 |
| <u>Group and Trust</u>                   |                               |                          |                 |
| <u>Gross settled:</u>                    |                               |                          |                 |
| Foreign currency forward contracts       |                               |                          |                 |
| – Outflow                                | 75,443                        | 229,116                  | 304,559         |
| – Inflow                                 | (69,543)                      | (203,874)                | (273,417)       |
| Sub-total                                | 5,900                         | 25,242                   | 31,142          |
| <u>Net settled:</u>                      |                               |                          |                 |
| Interest rate swap                       | 1,522                         | 461                      | 1,983           |
| At end of the year                       | 7,412                         | 25,703                   | 33,115          |
| <u>2008:</u>                             |                               |                          |                 |
| <u>Group and Trust</u>                   |                               |                          |                 |
| <u>Net settled:</u>                      |                               |                          |                 |
| Interest rate swap                       | 883                           | 616                      | 1,499           |
| At end of the year                       | 883                           | 616                      | 1,499           |

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short-term durations. Apart from the classification of the assets in the statement of financial position, no further analysis is deemed necessary.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

### 28F. Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The following table analyses the breakdown of the significant financial instruments (excluding derivatives) by type of interest rate:

|                               | Group   |         | Trust   |         |
|-------------------------------|---------|---------|---------|---------|
|                               | 2009    | 2008    | 2009    | 2008    |
|                               | \$'000  | \$'000  | \$'000  | \$'000  |
| <u>Financial liabilities:</u> |         |         |         |         |
| Fixed rates                   | 1,016   | 905     | –       | –       |
| Floating rates                | 118,316 | 118,852 | 118,316 | 118,852 |
| Total at end of the year      | 119,332 | 119,757 | 118,316 | 118,852 |
| <u>Financial assets:</u>      |         |         |         |         |
| Fixed rates                   | 92,023  | 62,857  | –       | –       |
| Floating rates                | 10,047  | 24,277  | –       | –       |
| Total at end of the year      | 102,070 | 87,134  | –       | –       |

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

|                                                                                                                                                                                     | Group  |        | Trust  |        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|
|                                                                                                                                                                                     | 2009   | 2008   | 2009   | 2008   |
|                                                                                                                                                                                     | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Financial liabilities:</u>                                                                                                                                                       |        |        |        |        |
| A hypothetical increase in interest rates on bank borrowings by 50 basis points with all other variables held constant would have an adverse effect on total return before tax of   | (703)  | (529)  | (703)  | (529)  |
| A hypothetical decrease in interest rates on bank borrowings by 50 basis points with all other variables held constant would have a favourable effect on total return before tax of | 703    | 529    | 703    | 529    |

A change of 50 basis points in interest rate received on fixed deposit and bank balances as at 31 December 2009 would increase or decrease the total return after tax for the year by \$548,000 (2008: \$436,000).

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

### 28G. Foreign Currency Risk

Analysis of amounts denominated in non-functional currency:

|                               | Cash and<br>cash<br>equivalents<br>\$'000   | Trade and<br>other<br>receivables<br>\$'000 | Total<br>\$'000 |
|-------------------------------|---------------------------------------------|---------------------------------------------|-----------------|
| <u>Financial assets:</u>      |                                             |                                             |                 |
| <u>Group:</u>                 |                                             |                                             |                 |
| <u>2009:</u>                  |                                             |                                             |                 |
| United States Dollars         | 76                                          | –                                           | 76              |
| Indonesian Rupiah             | 50,995                                      | 7,688                                       | 58,683          |
| At 31 December 2009           | 51,071                                      | 7,688                                       | 58,759          |
| <u>2008:</u>                  |                                             |                                             |                 |
| United States Dollars         | 33                                          | –                                           | 33              |
| Indonesian Rupiah             | 34,106                                      | 7,646                                       | 41,752          |
| At 31 December 2008           | 34,139                                      | 7,646                                       | 41,785          |
| <u>Trust:</u>                 |                                             |                                             |                 |
| <u>2009:</u>                  |                                             |                                             |                 |
| Indonesian Rupiah             | –                                           | 16,071                                      | 16,071          |
| <u>2008:</u>                  |                                             |                                             |                 |
| Indonesian Rupiah             | –                                           | 7,656                                       | 7,656           |
|                               | Other<br>financial<br>liabilities<br>\$'000 | Trade and<br>other<br>payables<br>\$'000    | Total<br>\$'000 |
| <u>Financial liabilities:</u> |                                             |                                             |                 |
| <u>Group:</u>                 |                                             |                                             |                 |
| <u>2009:</u>                  |                                             |                                             |                 |
| Indonesian Rupiah             | 1,016                                       | 2,051                                       | 3,067           |
| <u>2008:</u>                  |                                             |                                             |                 |
| Indonesian Rupiah             | 905                                         | 4,632                                       | 5,537           |
| <u>Trust:</u>                 |                                             |                                             |                 |
| <u>2009:</u>                  |                                             |                                             |                 |
| Indonesian Rupiah             | –                                           | –                                           | –               |
| <u>At 31 December 2008:</u>   |                                             |                                             |                 |
| Indonesian Rupiah             | –                                           | 3,017                                       | 3,017           |

There is exposure to foreign currency risk as part of its normal business.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

### 28G. Foreign Currency Risk (Cont'd)

Sensitivity analysis:

|                                                                                                                                                                                                                                | Group   |         | Trust   |        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|--------|
|                                                                                                                                                                                                                                | 2009    | 2008    | 2009    | 2008   |
|                                                                                                                                                                                                                                | \$'000  | \$'000  | \$'000  | \$'000 |
| A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against all other currencies with all other variables held constant would have a favourable (adverse) effect on total return before tax of | 8       | (229)   | (1,464) | (470)  |
| A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US\$ with all other variables held constant would have a favourable (adverse) effect on total return before tax of             | 8       | (3)     | –       | –      |
| A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the Indonesian Rupiah with all other variables held constant would have an adverse effect on total return before tax of            | –       | (226)   | (1,464) | (470)  |
| A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the Indonesian Rupiah with all other variables held constant would have an adverse effect on currency translation reserve of       | (6,513) | (4,034) | –       | –      |

## 29. CAPITAL COMMITMENTS

Estimated amounts committed at the end of reporting year for future capital expenditure but not recognised in the financial statements are as follows:

|                                                                                         | Group  |        |
|-----------------------------------------------------------------------------------------|--------|--------|
|                                                                                         | 2009   | 2008   |
|                                                                                         | \$'000 | \$'000 |
| Commitments for purchase of plant and equipment and assets enhancements in retail malls | 4,968  | 247    |

In addition, the Manager has entered into non-binding memorandum of understanding ("MOU") at the Listing Date with 2 third party owners, (i) PT Multi Pratama Gemilang Perkasa (Pikko Group) for the acquisition of Cosmopolitan Mall Pluit, and (ii) PT Pakuwon Permai for the acquisition of Supermal Pakuwon Indah and Pakuwon Trade Center.

There has been no progress on these MOUs.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 30. OPERATING LEASE INCOME COMMITMENTS

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

|                                                   | Group   |         |
|---------------------------------------------------|---------|---------|
|                                                   | 2009    | 2008    |
|                                                   | \$'000  | \$'000  |
| Not later than one year                           | 40,278  | 39,516  |
| Later than one year and not later than five years | 136,934 | 116,468 |
| More than five years                              | 34,849  | 40,219  |
| Rental income for the year                        | 68,461  | 84,411  |

The Trust has no operating lease income commitments at the end of the reporting year.

The Group has entered into commercial property leases for retail malls and spaces. The lease rental income terms are negotiated for an average term of five to ten years for anchor tenants and an average of three to five years for speciality tenants. These leases are cancellable with conditions and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed to a certain percentage.

On 18 October 2007, each of the Indonesian subsidiaries that are owners of retail spaces ("Retail Spaces Property Companies") (as landlord) and the Master Lessee (as tenant) entered into a Master Lease Agreement, pursuant to which the retail spaces were leased to the master lessee in accordance with the terms and conditions of the Master Lease Agreements. The term of each of the Master Lease Agreements is for 10 years with an option for the Master Lessee to renew for a further term of 10 years based on substantially the same terms and conditions, except for renewal rent. The renewal rent for the further term shall be at the then prevailing market rent, as may be agreed by the relevant landlord and the Master Lessee in good faith. If there is no agreement by the relevant landlord and the Master Lessee on such prevailing market rent, the relevant landlord and the Master Lessee may refer the determination of the prevailing market rent to an independent property valuer or valuers.

## 31. OTHER MATTERS

### (i) Right of First Refusal ("ROFR")

On 14 August 2007, an agreement was entered into between the Trustee and the Sponsor pursuant to which the Sponsor granted LMIR Trust, for so long as (a) Lippo-Mapletree Indonesia Retail Trust Management Ltd remains the Manager of LMIR Trust; and (b) the Sponsor and/or any of its related corporations, alone or in aggregate, remains a controlling shareholder of the Manager; a ROFR over any retail properties located in Indonesia (each such property to be known as a "Relevant Asset"): (i) which the Sponsor or any of its subsidiaries (each a "Sponsor Entity") proposes to sell or transfer (whether such Relevant Asset is wholly-owned or partly-owned by the Sponsor Entity and excluding any sale of Relevant Asset by a Sponsor Entity to any related corporation of such Sponsor Entity pursuant to a reconstruction, amalgamation, restructuring, merger or any analogous event) to an unrelated third party; or (ii) for which a proposed offer for sale or transfer of such Relevant Asset has been made to a Sponsor Entity.

At statements of financial position date, the scope of the ROFR encompasses five Indonesia properties which are currently under development by the Sponsor and/ or its subsidiaries. These properties are namely Binjai Supermall, Pejaten Mall, Kuta Beach Mall, Kemang City Mall and Puri "Paragon City".

### (ii) Retail Malls Operating Costs Agreements

Pursuant to each of the Operating Costs Agreements entered into between the relevant Retail Mall Property Companies and Indonesian companies which run the operation of retail malls ("Operating Companies"), the relevant Operating Companies have agreed to unconditionally bear, for a period of three years commencing 1 January 2007, all costs directly related to the maintenance and operating of the relevant retail malls.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 31. OTHER MATTERS (Cont'd)

### (ii) Retail Malls Operating Costs Agreements (Cont'd)

In consideration of its agreements under the relevant Operating Costs Agreements, the relevant Operating Companies have the right to collect, through the Property Manager, a service charge and statutory income from the tenants of that retail mall. This service charge is intended to cover the costs directly related to the maintenance and operation of the retail mall. The amount of the service charge recommended by the Property Manager is in accordance with the prevailing market rates. The statutory income is intended to cover the costs directly related to the provision of utilities to the retail mall.

The right to collect the service charge and statutory income is in accordance with the lease agreements entered into by and between the Retail Mall Property Companies and the respective tenants of the retail mall and such collection is coordinated by the Property Manager.

The Operating Costs Agreements have lapsed on 31 December 2009 and LMIR Trust will bear all costs directly related to the maintenance and operation of the retail malls thereafter. LMIR Trust also has the right to collect service charge from the respective tenants of the retail malls.

### (iii) Build, Operate and Transfer ("BOT") Agreements

#### Plaza Semanggi

An Indonesian Retail Mall Property Company, PT Primatama Nusa Indah ("PT Primatama") entered into a BOT agreement with Yayasan Gedung Veteran Republik Indonesia ("Yayasan Veteran"). PT Primatama has the right to build, operate and transfer the property for a period of 30 years commencing July 2004. The BOT agreement can be extended automatically for another 20 years under the same terms and conditions of the current lease with at least 6 months prior written notice, and to such notice, Yayasan Veteran automatically grants its approval for the extension.

PT Primatama shall pay to Yayasan Veteran annually 5% of its gross income from the lease of premises and parking spaces (excluding taxes) of each year, commencing from the date of commencement of operations to the 15th year.

From the 16<sup>th</sup> year, PT Primatama shall pay Yayasan Veteran 10% of its gross income from the lease of premises and parking spaces (excluding taxes) for each year.

#### Bandung Indah Plaza

An Indonesia Retail Mall Property Company, PT Megah Semesta Abadi ("PT Megah") entered into a BOT agreement with Perusahaan Daerah (PD) Jasa dan Kepariwisata Jawa Barat (previously known as PD Kerta Wisata Jawa Barat) ("PDJK"). PT Megah has been granted the right to build, operate and transfer the property up to 31 December 2030. If PDJK does not intend to manage the building and facilities, PDJK will give first option to PT Megah to become a partner of PDJK under a new agreement. PDJK must notify the PT Megah on whether or not it has the intention to operate the building and facilities. This notification must be provided at least 6 months prior to expiration of the BOT agreement. BOT agreement cannot be assigned without prior approval.

PT Megah has the following obligations to PDJK:

- (a) Revenue sharing for shopping centre I for the period from 19 August 1992 to 31 December 2030 at 2% of the rental income of shops and retail per year and shall increase at 0.25% every 4 years. The increase commenced on May 2008;
- (b) Revenue sharing for shopping centre II for the period 1 May 1994 to 31 December 2030 at 2% of rental income of shops and retail per year and shall increase at 0.25% every 4 years. The increase commenced on May 2008;
- (c) 5% of net operational profits, commenced on August 1995;
- (d) 5% of net income from rental of open areas, promotional spaces and corridors commenced on August 2005;

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 31. OTHER MATTERS (Cont'd)

- (iii) Build Operate and Transfer ("BOT") Agreements (Cont'd)

### Bandung Indah Plaza (Cont'd)

- (e) Profit sharing with respect to parking spaces from August 2005 at 40% of parking net income after deducting contribution to Parking Management Institution (Badan Pengelola Perparkiran – "BPP") and other expenses, VAT of 10%, interest expense, depreciation of parking facility, with maximum threshold of the expenses is 76% of rental income, provided that if the VAT no longer prevails or the government changes the figure of the VAT then the percentage of expenses will be mutually agreed by both parties;
- (f) Both PT Megah and PDJK will share the net rental revenue of the cinema up to August 2020 based on 50% ratio each. Profit share after 2020 will be determined later;
- (g) The revenue sharing for commercial space is at 2% of the rental income of commercial space per year and shall increase 0.25% every 4 years. The increase commenced on May 2008.

## 32. EVENTS AFTER THE END OF THE REPORTING YEAR

On 9 February 2010, a final distribution of 1.16 cents per unit was declared totalling \$12,441,000, in respect of the quarter ended 31 December 2009.

On 11 February 2010, 1,566,602 new units were issued at the issue price of 50.36 cents per unit as payment to the Manager for management fee for the quarter ended 31 December 2009. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

## 33. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the year ended 31 December 2009 the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

| FRS No.     | Title                                                                                                                                                                          |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FRS 1       | Presentation of Financial Statements (Revised)                                                                                                                                 |
| FRS 18      | Revenue (Amendments to)                                                                                                                                                        |
| FRS 23      | Borrowing Costs (Amendments to)                                                                                                                                                |
| FRS 32      | Financial Instruments: Presentation and FRS 1<br>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments to)* |
| FRS 27      | Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments to)                                 |
| FRS 102     | Share-based Payment – Vesting Conditions and Cancellations (Amendments to)*                                                                                                    |
| FRS 103     | Business Combinations and consecutive amendments in other FRSs (Revised)                                                                                                       |
| FRS 107     | Financial Instruments: Disclosures (Amendments to)                                                                                                                             |
| FRS 108     | Operating Segments                                                                                                                                                             |
| INT FRS 109 | Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives (Amendments to)                                      |
| INT FRS 113 | Customer Loyalty Programs*                                                                                                                                                     |
| INT FRS 116 | Hedges of a Net Investment in a Foreign Operation                                                                                                                              |
| INT FRS 117 | Distributions of Non-cash Assets to Owners                                                                                                                                     |
| INT FRS 118 | Transfers of Assets from Customers                                                                                                                                             |

\* Not relevant to the entity.

# Notes to the Financial Statements (Cont'd)

31 December 2009

## 33. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS (Cont'd)

The main objective of revising FRS 1 was to aggregate information in the financial statements on the basis of shared characteristics. All owner changes in equity is presented in the statement of changes in equity, separately from non-owner changes in equity. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs. It introduces a requirement to include in a complete set of financial statements, a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

## 34. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

| FRS No.     | Title                                                                                     | Effective date for periods beginning on or after |
|-------------|-------------------------------------------------------------------------------------------|--------------------------------------------------|
| FRS 27      | Consolidated and Separate Financial Statements (Amendments to)                            | 01.07.2009                                       |
| FRS 38      | Intangible Assets (Amendments to)*                                                        | 01.07.2009                                       |
| FRS 39      | Financial Instruments: Recognition and Measurement – Eligible Hedged Item (Amendments to) | 01.07.2009                                       |
| FRS 102     | Share-based Payment (Amendments to)                                                       | 01.07.2009                                       |
| FRS 103     | Business Combinations (Revised)                                                           | 01.07.2009                                       |
| FRS 105     | Non-current Assets Held for Sale and Discontinued Operations (Amendments to)              | 01.07.2009                                       |
| INT FRS 109 | Reassessment of Embedded Derivatives (Amendments to)                                      | 01.07.2009                                       |
| INT FRS 116 | Hedges of a Net Investment in a Foreign Operation (Amendments to)                         | 01.07.2009                                       |
| INT FRS 117 | Distributions of Non-cash Assets to Owners                                                | 01.07.2009                                       |
| INT FRS 118 | Transfers of Assets from Customers                                                        | 01.07.2009                                       |
| FRS 1       | Presentation of Financial Statements (Amendments to)                                      | 01.01.2010                                       |
| FRS 7       | Statement of Cash Flows (Amendments to)                                                   | 01.01.2010                                       |
| FRS 17      | Leases (Amendments to)                                                                    | 01.01.2010                                       |
| FRS 36      | Impairment of Assets (Amendments to)                                                      | 01.01.2010                                       |
| FRS 39      | Financial Instruments: Recognition and Measurement (Amendments to)                        | 01.01.2010                                       |
| FRS 105     | Non-current Assets Held for Sale and Discontinued Operations (Amendments to)              | 01.01.2010                                       |
| FRS 108     | 108 Operating Segments (Amendments to)                                                    | 01.01.2010                                       |

\* Not relevant to the entity.

# Related Party Transactions

Year ended 31 December 2009

The transactions entered into with related parties during the financial year, which fall under the Listing Manual and the CIS Code, are as follows:

| Name of Related Party                                 | Aggregate value of<br>all related party transactions<br>during the financial year<br>under review<br>S\$'000 |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Lippo Karawaci Tbk and its subsidiaries or associates |                                                                                                              |
| – Management fees <sup>1</sup>                        | 5,686                                                                                                        |
| – Property Management fees                            | 2,765                                                                                                        |
| – Rental revenue                                      | 13,670                                                                                                       |
| – Rental guarantee revenue                            | 3,577                                                                                                        |
| HSBC Institutional Trust Services (Singapore) Limited |                                                                                                              |
| – Trustee fee                                         | 219                                                                                                          |

<sup>1</sup> For the purposes of Clause 907 of the Listing Manual of the SGX-ST, in arriving at this figure, the market price of the LMIR Trust Units (being the closing price of the Units traded on the SGX-ST on the relevant date of issue of the Units) issued to the Manager for the performance component of its management fees, was used to determine the amount of the aggregate asset management fees paid to the Manager for the period from 1 January 2009 to 31 December 2009. A total of 8,889,539 LMIR Trust Units amounting to an aggregate of \$3,004,357 have been or will be issued to the Manager as payment of the performance component of the asset management fees (as computed pursuant to the Trust Deed) for the period from 1 January 2009 to 31 December 2009. In respect of the period from 1 January 2009 to 31 March 2009, a total of 3,701,689 LMIR Trust Units at issue prices of \$0.1892\* per Unit, were issued on 30 April 2009 to the Manager. The market price at the date of issue was 29 cents per Unit and the aggregate market value of these Units was S\$1,073,490 based on this market price. In respect of the period from 1 April 2009 to 30 June 2009, a total of 1,927,798 LMIR Trust Units at issue prices of \$0.3834\* per Unit, were issued on 5 August 2009 to the Manager. The market price at the date of issue was 46 cents per Unit and the aggregate market value of these Units was S\$886,787 based on this market price. In respect of the period from 1 July 2009 to 30 September 2009, a total of 1,693,450 LMIR Trust Units at issue price of \$0.4582\* per Unit, were issued on 6 November 2009 to the Manager. The market price at the date of issue was 47 cents per Unit and the aggregate market value of these Units was S\$795,922 based on this market price. In respect of the period from 1 October 2009 to 31 December 2009, a total of 1,566,602 LMIR Trust Units at issue price of \$ 0.5036\* per Unit, were issued on 11 February 2010 to the Manager. The market price at the date of issue was 49 cents per Unit and the aggregate market value of these Units was S\$767,635 based on this market price.

\* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fee accrues.

Please also see Significant Related Party Transactions on note 3 in the financial statements.

## SUBSCRIPTION OF LMIR TRUST UNITS

For the financial year ended 31 December 2009, an aggregate of 1,074,848,703 units were issued and subscribed for. On 9 February 2010, 1,566,602 LMIR Trust units were issued to the Manager as payment of the performance component of its asset management fees for the fourth quarter of 2009.

# Unitholders Statistics

As at 15 March 2010

## ISSUED AND FULLY PAID-UP UNITS

1,076,415,305 units (voting rights: 1 vote per unit)

Market Capitalisation SGD 532,825,576 (based on closing unit price of \$0.495 on 15 March 2010)

## DISTRIBUTION OF UNITHOLDINGS

| Size Of Unitholdings | No. Of Unitholders | %             | No. Of Units         | %             |
|----------------------|--------------------|---------------|----------------------|---------------|
| 1 – 999              | 3                  | 0.08          | 698                  | 0.00          |
| 1,000 – 10,000       | 2,359              | 61.22         | 11,465,012           | 1.07          |
| 10,001 – 1,000,000   | 1,466              | 38.05         | 100,978,958          | 9.38          |
| 1,000,001 and above  | 25                 | 0.65          | 963,970,637          | 89.55         |
| <b>Total</b>         | <b>3,853</b>       | <b>100.00</b> | <b>1,076,415,305</b> | <b>100.00</b> |

## TWENTY LARGEST UNITHOLDERS

| No.          | Name of Unitholders                                   | No. of Units       | %            |
|--------------|-------------------------------------------------------|--------------------|--------------|
| 1.           | Citibank Nominees Singapore Pte Ltd                   | 342,007,505        | 31.77        |
| 2.           | DBS Nominees Pte Ltd                                  | 168,814,977        | 15.68        |
| 3.           | Mapletree LM Pte Ltd                                  | 127,250,000        | 11.82        |
| 4.           | HSBC (Singapore) Nominees Pte Ltd                     | 125,299,608        | 11.64        |
| 5.           | OCBC Securities Private Ltd                           | 58,603,526         | 5.44         |
| 6.           | UOB Kay Hian Pte Ltd                                  | 54,347,319         | 5.05         |
| 7.           | Raffles Nominees Pte Ltd                              | 23,270,640         | 2.16         |
| 8.           | Lippo-Mapletree Indonesia Retail Trust Management Ltd | 16,001,305         | 1.49         |
| 9.           | United Overseas Bank Nominees Pte Ltd                 | 8,429,000          | 0.78         |
| 10.          | DBSN Services Pte Ltd                                 | 7,289,270          | 0.68         |
| 11.          | Phillip Securities Pte Ltd                            | 7,284,000          | 0.68         |
| 12.          | DBS Vickers Securities (S) Pte Ltd                    | 4,610,000          | 0.43         |
| 13.          | Sng Kay Boon Terence                                  | 3,877,000          | 0.36         |
| 14.          | Citibank Consumer Nominees Pte Ltd                    | 2,083,000          | 0.19         |
| 15.          | Superbowl Holdings Limited                            | 2,000,000          | 0.19         |
| 16.          | OCBC Nominees Singapore Pte Ltd                       | 1,594,000          | 0.15         |
| 17.          | Merrill Lynch (Singapore) Pte Ltd                     | 1,536,445          | 0.14         |
| 18.          | BNP Paribas Nominees Singapore Pte Ltd                | 1,500,000          | 0.14         |
| 19.          | AmFraser Securities Pte. Ltd.                         | 1,408,000          | 0.13         |
| 20.          | Lim Tse Ghow Olivier                                  | 1,268,000          | 0.12         |
| <b>Total</b> |                                                       | <b>958,473,595</b> | <b>89.04</b> |

## LIST OF DIRECTORS' UNITHOLDINGS

As shown in the Register of Directors' Unitholdings as at 15 March 2010

| Name of directors     | Number of Units |                 |
|-----------------------|-----------------|-----------------|
|                       | Direct Interest | Deemed Interest |
| 1. Tan Bar Tien       | 300,000         | –               |
| 2. Lim Ho Seng        | 300,000         | –               |
| 3. Lok Vi Ming        | 500,000         | –               |
| 4. Viven G. Sitiabudi | –               | –               |
| 5. Yeo Cheow Tong     | 500,000         | –               |
| 6. Tan Boon Leong     | –               | –               |
| 7. Wong Mun Hoong     | –               | –               |

## Unitholders Statistics (Cont'd)

As at 15 March 2010

### SUBSTANTIAL UNITHOLDERS

As recorded in the Register of Substantial Unitholders as at 15 March 2010

|                                                         | Direct Interest | Deemed Interest |
|---------------------------------------------------------|-----------------|-----------------|
| Lippo Strategic Holdings Inc                            | 197,658,026     | –               |
| Lippo Holdings Inc <sup>(1)</sup>                       | –               | 197,658,026     |
| Lippo Capital Limited <sup>(1)</sup>                    | –               | 197,658,026     |
| Lippo Cayman Limited <sup>(1)</sup>                     | –               | 197,658,026     |
| Lanius Ltd <sup>(1)</sup>                               | –               | 197,658,026     |
| Mapletree LM Pte Ltd                                    | 127,250,000     | –               |
| Mapletree Dextra Pte Ltd <sup>(2)</sup>                 | –               | 127,250,000     |
| Mapletree Investments Pte Ltd <sup>(2)(3)</sup>         | –               | 141,684,703     |
| Fullerton Management Pte Ltd <sup>(2)(4)</sup>          | –               | 139,991,253     |
| Temasek Holdings (Private) Limited <sup>(2)(4)</sup>    | –               | 139,991,253     |
| ABN AMRO Asset Management (Asia) Limited <sup>(5)</sup> | 69,038,000      | –               |
| CPI Capital Partners Asia Pacific L.P.                  | 90,625,000      | –               |
| APG Algemene Pensioen Groep N.V.                        | 106,891,000     | –               |
| Stichting Pensioenfond ABP <sup>(6)</sup>               | –               | 106,891,000     |

#### Notes:

- <sup>(1)</sup> Lippo Holdings Inc, Lippo Capital Limited, Lippo Cayman Limited and Lanius Ltd are deemed to be interested in the units held by Lippo Strategic Holdings Inc ("Lippo Strategic") due to their direct or indirect (as the case may be) interests in Lippo Strategic.
- <sup>(2)</sup> Mapletree Dextra Pte Ltd is deemed to be interested in the units held by Mapletree LM Pte Ltd ("Mapletree LM") due to their direct interests in Mapletree LM.
- <sup>(3)</sup> Mapletree Investments Pte Ltd ("Mapletree Investments") is deemed to be interested in 141,684,703 units of which:
- (a) 127,250,000 units held by Mapletree LM (a wholly-owned subsidiary of Mapletree Investments); and
  - (b) 14,434,703 units held by the Manager, Lippo-Mapletree Indonesia Retail Trust Management Ltd.
- <sup>(4)</sup> Fullerton Management Pte Ltd ("Fullerton Management") and Temasek Holdings (Private) Limited ("Temasek Holdings") are deemed to be interested in 139,991,253 units of which:
- (a) 127,250,000 units held by Mapletree LM (an indirect wholly-owned subsidiary of Fullerton Management and Temasek Holdings); and
  - (b) 12,741,253 units held by the Manager, Lippo-Mapletree Indonesia Retail Trust Management Ltd.
- <sup>(5)</sup> Holding in the capacity as manager of various accounts.
- <sup>(6)</sup> Stichting Pensioenfond ABP owns 98% of APG Algemene Pensioen Groep N.V. ("APG") and thus is deemed to be interested in the units held by APG.

### FREEFLOAT

Based on information made available to the Manager as at 15 March 2010, approximately 68.5% of the Units in LMIR Trust are held in the hands of public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

# Notice of Annual General Meeting

## LIPPO-MAPLETREE INDONESIA RETAIL TRUST MANAGEMENT LTD.

(Company Registration Number: 200707703M)

(as the Manager of Lippo-Mapletree Indonesia Retail Trust)

**NOTICE IS HEREBY GIVEN** that the First Annual General Meeting of the Unitholders of Lippo-Mapletree Indonesia Retail Trust (“**LMIR Trust**”) will be held at NTUC Centre, 1 Marina Boulevard, Room 801, Level 8, Singapore 018989 on Tuesday, 27 April 2010 at 10.00 a.m., to transact the following business:

### BUSINESS

1. To receive and adopt the Report of HSBC Institutional Trust Services (Singapore) Limited, as trustee of LMIR Trust (the “**Trustee**”), the Statement by Lippo-Mapletree Indonesia Retail Trust Management Ltd., as manager of LMIR Trust (the “**Manager**”), and the Audited Financial Statements of LMIR Trust for the year ended 31 December 2009 and the Auditors’ Report thereon.

(Ordinary Resolution 1)

2. To re-appoint RSM Chio Lim as Auditors of LMIR Trust and to hold office until the conclusion of the next Annual General Meeting of LMIR Trust, and to authorise the Manager to fix their remuneration.

(Ordinary Resolution 2)

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without any modifications:

3. That authority be and is hereby given to the Manager, to

- (a) (i) issue units in LMIR Trust (“**Units**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution):
  - (a) (until 31 December 2010 or such later date as may be determined by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) by way of renounceable rights issues on a *pro rata* basis (such renounceable rights issues as authorised by this sub-paragraph (1)(a), “**Renounceable Rights Issues**”) to Unitholders shall not exceed one hundred per cent. (100%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (3) below); and
  - (b) by way of unit issues other than Renounceable Rights Issues (“**Other Unit Issues**”) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (3) below);
- (2) the Units to be issued under the Renounceable Rights Issues and Other Unit Issues shall not, in aggregate, exceed one hundred per cent. (100%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (3) below);

## Notice of Annual General Meeting (Cont'd)

- (3) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraphs (1) and (2) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
  - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (4) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting LMIR Trust (as amended) (the "**Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (5) unless revoked or varied by Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of LMIR Trust or (ii) the date by which the next Annual General Meeting of LMIR Trust is required by law to be held, whichever is earlier;
- (6) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (7) the Manager and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of LMIR Trust to give effect to the authority conferred by this Resolution.

**(Ordinary Resolution 3)**

*(Please see Explanatory Notes)*

- 4. That, contingent on the passing of Resolution 3 above, authority be and is hereby given to the Manager to fix the issue price for Units that may be issued by way of placement pursuant to the twenty per cent. (20%) sub-limit for Other Unit Issues on a non *pro rata* basis referred to in Resolution 3 above, at a discount exceeding ten per cent. (10%) but not more than twenty per cent. (20%) of the price as determined in accordance with the Listing Manual of the SGX-ST, until 31 December 2010 or such later date as may be determined by the SGX-ST.

**(Ordinary Resolution 4)**

*(Please see Explanatory Notes)*

- 5. To transact such other business as may be transacted at an Annual General Meeting.

**(Ordinary Resolution 5)**

### BY ORDER OF THE BOARD

#### LIPPO-MAPLETREE INDONESIA RETAIL TRUST MANAGEMENT LTD.

(Company Registration Number: 200707703M)

(as the Manager of Lippo-Mapletree Indonesia Retail Trust)

**Tan San Ju**

**Lynn Wan Tiew Leng**

*Company Secretaries*

**Singapore**

7 April 2010

## Notice of Annual General Meeting (Cont'd)

### Explanatory Notes:

#### **Ordinary Resolution 3**

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting of LMIR Trust, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding (i) 100% for Renounceable Rights Issues and (ii) 50% for Other Unit Issues of which up to 20% may be issued other than on a *pro rata* basis to Unitholders, provided that the total number of Units which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued Units (excluding treasury Units, if any).

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting of LMIR Trust, to issue Units as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

The authority for 100% Renounceable Rights Issue is proposed pursuant to the SGX news release of 19 February 2009 which introduced certain measures to accelerate and facilitate listed issuers' fund raising efforts (the "**SGX News Release**"), which permits the authority for 100% Renounceable Rights Issues to be effective until 31 December 2010. The effectiveness of this measure will be reviewed by the SGX-ST at the end of the period.

Fund raising by issuance of new units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

#### **Ordinary Resolution 4**

The Ordinary Resolution 4 above, if passed, will authorise the Manager to fix the issue price for Units that are issued by way of placement pursuant to the twenty per cent. (20%) sub-limit for Other Unit Issues on a non *pro rata* basis referred to in Ordinary Resolution 3 above at a discount exceeding 10% but not more than 20% of the price as determined in accordance with the Listing Manual of the SGX-ST (the "**Reference Price**"), being the weighted average price for trades done on the SGX-ST for the full SGX-ST market day (calculated in the manner as may be prescribed by the SGX-ST). The authority for this Resolution is proposed pursuant to the SGX News Release, which permits this authority to be effective until 31 December 2010. The effectiveness of this measure will be reviewed by the SGX-ST at the end of the period.

Without Ordinary Resolution 4, under the Listing Manual of the SGX-ST, the Manager may only fix the issue price for Units that are issued (i) by way of placement on a non *pro rata* basis or (ii) on a non-renounceable *pro rata* basis to Unitholders, pursuant to Other Unit Issues referred to in Ordinary Resolution 3 above at a discount not exceeding 10% of the Reference Price.

### **Notes:**

1. A Unitholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole). A proxy need not be a Unitholder.
2. The proxy form must be deposited at the office of LMIR Trust's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.

# Glossary

|                                   |                                                                                                                                                                                     |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AC</b>                         | Audit Committee                                                                                                                                                                     |
| <b>AEIs</b>                       | Asset Enhancement Initiatives                                                                                                                                                       |
| <b>BMI</b>                        | Badger Meter Inc                                                                                                                                                                    |
| <b>C&amp;W</b>                    | Cushman & Wakefield                                                                                                                                                                 |
| <b>CBD</b>                        | Central Business District                                                                                                                                                           |
| <b>CBRE</b>                       | CB Richard Ellis Indonesia / Kantor Jasa Penilai Public Yuhai                                                                                                                       |
| <b>CEO</b>                        | Chief Executive Officer                                                                                                                                                             |
| <b>CIS</b>                        | Collective Investment Scheme                                                                                                                                                        |
| <b>DB</b>                         | Deutsche Bank                                                                                                                                                                       |
| <b>DPU</b>                        | Distribution Per Unit                                                                                                                                                               |
| <b>FTSE ST</b>                    | Financial Times Stock Exchange/Straits Times                                                                                                                                        |
| <b>FY2008</b>                     | The period from 1 January 2008 to 31 December 2008 which has been extracted from the financial statements for the period from inception of the Trust to 31 December 2008            |
| <b>FY2009</b>                     | Financial Year 2009                                                                                                                                                                 |
| <b>GDP</b>                        | Gross Domestic Product                                                                                                                                                              |
| <b>GFA</b>                        | Gross Floor Area                                                                                                                                                                    |
| <b>Greater Jakarta</b>            | Comprises Jakarta, Bogor, Depok, Tangerang and Bekasi                                                                                                                               |
| <b>IDR</b>                        | Indonesian Rupiah                                                                                                                                                                   |
| <b>IPO</b>                        | The Initial Public Offering of LMIR Trust                                                                                                                                           |
| <b>INDU</b>                       | Down Jones Industrial Average                                                                                                                                                       |
| <b>JCI</b>                        | Jakarta Composite Index                                                                                                                                                             |
| <b>JLL</b>                        | Jones Lang LaSalle                                                                                                                                                                  |
| <b>Listing Date</b>               | The Listing Date of LMIR Trust, being 19 November 2007                                                                                                                              |
| <b>Listing Manual</b>             | The Listing Manual of SGX-ST                                                                                                                                                        |
| <b>LMIR Trust</b>                 | Lippo-Mapletree Indonesia Retail Trust, a REIT established in Singapore and constituted by the Trust Deed                                                                           |
| <b>Manager</b>                    | Lippo-Mapletree Indonesia Retail Trust Management Ltd., as manager of LMIR Trust                                                                                                    |
| <b>MAS</b>                        | Monetary Authority of Singapore                                                                                                                                                     |
| <b>NLA</b>                        | Net Lettable Area                                                                                                                                                                   |
| <b>NPI</b>                        | Net Property Income                                                                                                                                                                 |
| <b>OpCo</b>                       | PT Multi Nusantara Karya, PT Selaras Maju, PT Sarana Karya Megah, PT Antara Nusa Permai, PT Primatama Kreasi Bersama and PT Kharisma Abadi Selaras, and each an “Operating Company” |
| <b>Operating Cost Agreements</b>  | The operating cost agreements entered into between the relevant Retail Mall Indonesian SPC and Operating Company                                                                    |
| <b>Property Fund Guidelines</b>   | The investment guidelines and borrowing limits for real estate investment trusts issued by Monetary Authority of Singapore as Appendix 2 to the CIS Code                            |
| <b>Property Manager</b>           | PT Consulting Management Services Division                                                                                                                                          |
| <b>Prospectus</b>                 | LMIR Trust’s prospectus dated 9 November 2007                                                                                                                                       |
| <b>REIT</b>                       | Real Estate Investment Trust                                                                                                                                                        |
| <b>Related Party Transactions</b> | Transactions made between the Trustee (as trustee of LMIR Trust) and an “interested person” under the Listing Manual and the Property Fund Guidelines                               |
| <b>S-REITs</b>                    | SGX-ST Real Estate Investment Trusts                                                                                                                                                |
| <b>SGD</b>                        | Singapore Dollar                                                                                                                                                                    |
| <b>SGX-ST</b>                     | Singapore Exchange Securities Trading Limited                                                                                                                                       |
| <b>SPC</b>                        | Special Purpose Companies                                                                                                                                                           |
| <b>Sq ft</b>                      | Square feet                                                                                                                                                                         |
| <b>Sq m</b>                       | Square Metres                                                                                                                                                                       |
| <b>STI</b>                        | Straits Times Index                                                                                                                                                                 |
| <b>SZCOMP</b>                     | Shenzhen Composite index                                                                                                                                                            |
| <b>Trust Deed</b>                 | The Trust Deed dated 8 August 2007 (as amended) constituting LMIR Trust                                                                                                             |
| <b>Trustee</b>                    | HSBC Institutional Trust Services (Singapore) Limited                                                                                                                               |
| <b>Unit</b>                       | An undivided interest in LMIR Trust as provided in the Trust Deed                                                                                                                   |
| <b>USD</b>                        | US Dollars                                                                                                                                                                          |

*This page has been left blank intentionally.*

## LIPPO-MAPLETREE INDONESIA RETAIL TRUST

(A real estate investment trust constituted on 8 August 2007 under the laws of the Republic of Singapore and managed by Lippo-Mapletree Indonesia Retail Trust Management Ltd, as the Manager.)

# Proxy Form

(Before completing this form, please read the notes behind)

### IMPORTANT

- For investors who have used their CPF monies to buy units in Lippo-Mapletree Indonesia Retail Trust, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
- CPF Investors who wish to attend the Annual General Meeting as observers have to submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.
- PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We, \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a Unitholder/Unitholders of Lippo-Mapletree Indonesia Retail Trust hereby appoint:

| Name | Address | NRIC/Passport No. | Proportion of Unitholdings |     |
|------|---------|-------------------|----------------------------|-----|
|      |         |                   | No. of Units               | (%) |
| (a)  |         |                   |                            |     |

and/or (delete as appropriate)

|     |  |  |  |  |
|-----|--|--|--|--|
| (b) |  |  |  |  |
|-----|--|--|--|--|

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the First Annual General Meeting of Lippo-Mapletree Indonesia Retail Trust to be held at NTUC Centre, 1 Marina Boulevard, Room 801, Level 8, Singapore 018989 on Tuesday, 27 April 2010 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given herein, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the meeting. The authority here includes the right to demand or to join in demanding a poll and to vote on a poll.

| No. | Resolutions in Relation to                                                                                                                                                             | To be used on a show of hands |          | To be used in the event of a poll |                        |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------|-----------------------------------|------------------------|
|     |                                                                                                                                                                                        | For*                          | Against* | No. of Votes For**                | No. of Votes Against** |
| 1   | To receive and adopt the Trustee's Report, the Statement by the Manager and Audited Financial Statements of LMIRT for the year ended 31 December 2009 and the Auditors' Report thereon |                               |          |                                   |                        |
| 2   | To re-appoint RSM Chio Lim as Auditors of LMIRT and to authorise the Manager to fix their remuneration                                                                                 |                               |          |                                   |                        |
| 3   | To authorise the Manager to issue Units and to make or grant convertible instruments                                                                                                   |                               |          |                                   |                        |
| 4   | To authorise the Manager to fix the issue price for the Units that may be issued by way of placement at a discount exceeding 10% but not more than 20%                                 |                               |          |                                   |                        |
| 5   | To transact any other business as may be transacted at an annual general meeting                                                                                                       |                               |          |                                   |                        |

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided.

\*\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Signature of Unitholder(s)  
or Common Seal of Corporate Unitholder

Total number of Units held

of

Postage will be  
paid by addressee.  
For posting in  
Singapore only.

**BUSINESS REPLY SERVICE  
PERMIT NO. 08564**



**LIPPO-MAPLETREE INDONESIA RETAIL TRUST MANAGEMENT LTD**  
(The Manager of Lippo-Mapletree Indonesia Retail Trust)  
c/o Boardroom Corporate & Advisory Services Pte Ltd  
50 Raffles Place #32-01 Singapore Land Tower  
Singapore 048623

2<sup>nd</sup> fold here

**Notes:**

1. Please insert at the top right hand corner of this Proxy Form the number of units in Lippo-Mapletree Indonesia Retail Trust (the "Trust") registered in your name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") in respect of the units in your securities account with CDP. If no number is inserted, this Proxy Form shall be deemed to relate to all the units held by you.
2. A unitholder entitled to attend and vote at the meeting is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of the Trust.
3. A unitholder is not entitled to appoint more than two proxies to attend and vote on his/her behalf. Where a Unitholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The sending of a Proxy Form by a unitholder does not preclude him/her from attending and voting in person at the Annual General Meeting if he/she finds that he/she is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.
5. To be effective, this Proxy Form must be deposited at the unit registra office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for holding the meeting.
6. This Proxy form must be signed by the appointor or by his/her attorney. In the case of corporation, this form must be executed under its common seal or signed by its duly authorised attorney or officer.
7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a notarially certified copy thereof must (failing previous registration with the Trust) be lodged with this Proxy Form, failing which the instrument may be treated as invalid.
8. Any alteration made in this Proxy Form should be initialed by the person who signs it.
9. The Manager shall be entitled to reject this Proxy Form if it is incomplete improperly completed or illegible or where the true intentions of the appointor is not ascertainable from the instructions of the appointor specified in the Proxy Form. In the case of Unitholders whose units are entered against their names in the Depository Register, the Manager may reject any Proxy Form lodged if such Unitholders are not shown to have the corresponding number of units in the Trust entered against their names in the Depository Register as at 48 hours before the time set for holding the meeting or the adjourned meeting, as appropriate.

1<sup>st</sup> fold here

# CORPORATE DIRECTORY

## MANAGER

**Lippo-Mapletree Indonesia Retail Trust Management Ltd**  
78 Shenton Way #05-01  
Singapore 079120  
Tel: (65) 6410 9138  
Fax: (65) 6220 6557

## DIRECTORS OF THE MANAGER

**Mr Tan Bar Tien**  
Chairman & Independent Non-Executive Director

**Ms Viven G. Sitiabudi**  
Executive Director of the Board & Chief Executive Officer

**Mr Lim Ho Seng**  
Independent Non-Executive Director

**Mr Lok Vi Ming**  
Independent Non-Executive Director

**Mr Yeo Cheow Tong**  
Non-Executive Director

**Mr Tan Boon Leong**  
Non-Executive Director

**Mr Wong Mun Hoong**  
Non-Executive Director

## AUDIT COMMITTEE

**Mr Tan Bar Tien**

**Mr Lim Ho Seng**

**Mr Lok Vi Ming**

## STOCK EXCHANGE QUOTATION

**BBG: LMRT SP**

**RIC: LMRT.SI**

## WEBSITE & EMAIL ADDRESS

[www.lmir-trust.com](http://www.lmir-trust.com)

[ir@lmir-trust.com](mailto:ir@lmir-trust.com)

## TRUSTEE

**HSBC Institutional Trust Services (Singapore) Limited**  
21 Collyer Quay  
#14-01 HSBC Building  
Singapore 049320

## UNIT REGISTRAR

**Boardroom Corporate & Advisory Services Pte Ltd**  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Tel: (65) 6536 5355  
Fax: (65) 6536 1360

## AUDITORS OF THE TRUST

**RSM Chio Lim LLP**  
8 Wilkie Road  
#04-08 Wilkie Edge  
Singapore 228095  
(Partner-in-charge: Paul Lee Seng Meng)  
(Appointment since financial year ended  
31 December 2008)

## COMPANY SECRETARIES

**Tan San Ju**

**Lynn Wan Tiew Leng**

## BANKS

**DBS Bank**  
6 Shenton Way, DBS Building Tower One  
Singapore 068809

**Deutsche Bank AG, Singapore branch**  
One Raffles Quay  
#18-00 South Tower  
Singapore 048583

**LIPPO-MAPLETREE INDONESIA RETAIL TRUST MANAGEMENT LTD**

78 Shenton Way # 05-01 Singapore 079120

Tel: (65) 6410 9138 Fax: (65) 6220 6557

[www.lmir-trust.com](http://www.lmir-trust.com)